

**SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK**

In the matter of the application of

THE BANK OF NEW YORK MELLON, (as Trustee under various Pooling and Servicing Agreements and Indenture Trustee under various Indentures), BlackRock Financial Management Inc. (intervenor), Kore Advisors, L.P. (intervenor), Maiden Lane, LLC (intervenor), Metropolitan Life Insurance Company (intervenor), Trust Company of the West and affiliated companies controlled by The TCW Group, Inc. (intervenor), Neuberger Berman Europe Limited (intervenor), Pacific Investment Management Company LLC (intervenor), Goldman Sachs Asset Management, L.P. (intervenor), Teachers Insurance and Annuity Association of America (intervenor), Invesco Advisors, Inc. (intervenor), Thrivent Financial for Lutherans (intervenor), Landesbank Baden-Wuerttemberg (intervenor), LBBW Asset Management (Ireland) plc, Dublin (intervenor), ING Bank fsb (intervenor), ING Capital LLC (intervenor), ING Investment Management LLC (intervenor), Nationwide Mutual Insurance Company and its affiliated companies (intervenor), AEGON USA Investment Management LLC, authorized signatory for Transamerica Life Insurance Company, AEGON Financial Assurance Ireland Limited, Transamerica Life International (Bermuda) Ltd., Monumental Life Insurance Company, Transamerica Advisors Life Insurance Company, AEGON Global Institutional Markets, plc, LIICA Re II, Inc., Pine Falls Re, Inc., Transamerica Financial Life Insurance Company, Stonebridge Life Insurance Company, and Western Reserve Life Assurance Co. of Ohio (intervenor), Federal Home Loan Bank of Atlanta (intervenor), Bayerische Landesbank (intervenor), Prudential Investment Management, Inc. (intervenor), and Western Asset Management Company (intervenor),

Petitioners,

for an order, pursuant to C.P.L.R. § 7701, seeking judicial instructions and approval of a proposed settlement.

Index No. 651786-2011**Kapnick, J.****AFFIDAVIT OF PETER S. KEMPF IN SUPPORT OF:****MEMORANDUM OF NON-PARTIES
BANK OF AMERICA AND COUNTRYWIDE IN OPPOSITION TO
OBJECTORS' MOTION TO COMPEL PRODUCTION OF LOAN FILES**

Summary

1. I am the President and Chief Operating Officer of American Mortgage Consultants, Inc. (“AMC”). I have been engaged by counsel for Bank of America to provide my opinion on issues relating to mortgage loans and underwriting in connection with this proceeding.

2. I understand that this proceeding relates to a petition filed by the Bank of New York Mellon (the “Trustee”), in its capacity as trustee of 530 residential mortgage-securitization trusts, seeking judicial approval of the Trustee’s decision to enter into a settlement with Bank of America and Countrywide. I further understand that Countrywide sold mortgage loans to the covered trusts and the claims settled relate to, among other things, alleged breaches by Countrywide of representations and warranties contained in the governing agreements for such trusts. I am aware that certain parties have appeared in the proceeding as objectors and/or intervenors (the “Objectors”).

3. I have been informed that the Objectors are seeking a sample of loan files with the apparent intent to engage in a review and reunderwriting of the loan files to evaluate the loans’ compliance with various representations and warranties contained in the governing agreements and to attempt to arrive at what the Objectors refer to as a “true breach rate.” I expect that if discovery were permitted by the Court, one or more of the proponents of the settlement (i.e., the Trustee, the Institutional Investors and/or Bank of America/Countrywide) would commence its own responsive review process (or processes) to arrive at an independent set of conclusions regarding any alleged breaches in the sample loans. As explained below, in this context, loan file review refers to the process of seeking to determine after-the-fact, based on the loan file, whether a particular loan breached the applicable representations and warranties, including that it was made in all material respects in accordance with the various underwriting guidelines and

practice in effect and applicable at the time of origination (i.e., reunderwriting), and whether that breach caused a loss to certificateholders.

4. In the context of this litigation and in connection with the Objectors' request for loan files, I have been requested by counsel for Bank of America to offer my independent professional opinion on (a) the process of loan file review with respect to loans covered by the settlement and (b) the feasibility of determining a "true breach rate."

5. In my professional opinion, the loan file review for sample loans in the covered trusts would be an expensive, burdensome, and time-consuming process. Furthermore, in light of the inherent subjectivity of applying the underwriting guidelines and relevant representations and warranties to sample loans, this process will not yield any objective "true breach rate." Instead, there likely will be widely divergent determinations by the different experts as to whether each loan breached any applicable representations and warranties (e.g., by materially breaching applicable underwriting guidelines). Divergence of views likely also will occur as to whether the breach "materially and adversely affect[ed]" the interests of the certificateholders in the loan, a prerequisite to a repurchase claim under the governing agreements.

Qualifications and Background

6. I am the President and Chief Operating Officer of AMC. I have worked in the mortgage industry for more than sixteen years and have been with AMC since 2001.

7. I have extensive experience in the analysis of residential loan production, servicing and securitization. AMC has been engaged, and I have personally supervised, more than 100 repurchase-related loan file review and reunderwriting efforts. Several of these reunderwriting engagements have been in the context of litigation. I have provided testimony in the areas of mortgage origination and underwriting on three occasions.

8. The opinions expressed herein are based on my knowledge and experience in the mortgage industry.

Loan File Review

9. Typically, in a mortgage securitization, the lender, or originator, of mortgage loans sells a pool of loans to a depositor, a special entity that secures the right to the cash flow from the mortgage loans and places the loans into securitization trusts. The trusts then issue mortgage pass-through certificates to investors, entitling certificateholders to a share of the cash flow from the principal and interest payments made by the mortgage borrowers. The rights and obligations of the seller, who sells the mortgage loans, and the trustee, who holds the loans in trust for the benefit of certificateholders, are governed by certain contracts, including Pooling and Servicing Agreements (“PSAs”).¹

10. A PSA typically contains representations and warranties by the seller about the quality and condition of the loans and their compliance with various underwriting guidelines. *See* PSA, S-III-A (listing representations and warranties). Common representations include versions of the following: “No Initial Mortgage Loan had a Loan-to-Value Ratio at origination in excess of 100.00%” or a similar specified percentage, *id.* at ¶ 3; “The origination, underwriting and collection practices used by Countrywide with respect to each Mortgage Loan have been in all respects legal, prudent and customary in the mortgage lending and servicing business,” *id.* at ¶ 23; and “Each Mortgage Loan was underwritten in all material respects in

¹ Although the governing agreements for the covered trusts contain certain differences, for the purpose of illustrating relevant provisions likely to be at issue in a review process for the covered trusts, I refer to the PSA for the CWALT 2006-OA19 trust attached hereto as Exhibit A (the “PSA”). Typically, an overview of certain applicable underwriting guidelines is made public in a prospectus supplement for each trust. For purposes of illustration, I refer to the Prospectus Supplement for the same CWALT 2006-OA19 trust, dated Nov. 29, 2006 attached hereto as Exhibit B (the “ProSupp”), as well as the Prospectus Supplement for a sample subprime trust, CWABS 2006-13, dated July 27, 2006 attached hereto as Exhibit C (the “CWABS 2006-13 ProSupp”).

accordance with the underwriting guidelines described in the Prospectus Supplement,” *id.* at ¶ 37.

11. If the seller is found to be in breach of a representation and warranty with respect to a mortgage loan and that breach “materially and adversely affects the interests of the Certificateholders in that [m]ortgage [l]oan,” the PSA typically provides that a seller shall either cure such breach “in all material respects” within a certain period of time or repurchase the mortgage loan from the trust. *See* PSA § 2.03(c).

12. In this context, loan file review is the process of reviewing a loan file to determine whether a loan breached the representations and warranties in a PSA, including that it was made in all material respects in accordance with the various underwriting guidelines and practice in effect and applicable at the time of origination (i.e., reunderwriting), and, if so, whether that breach caused a loss to certificateholders.

A. Reunderwriting Process

13. Reunderwriting must be done by trained and experienced professionals. In the litigation context, each party undertaking the reunderwriting process will need to engage a team of reunderwriters. Best practices would also require each such party to retain a quality-control team or a second-line unit of reunderwriters. Typically, the party attempting to establish that loans are subject to repurchase — here, the Objectors — first will conduct its review process and present its findings. Subsequently, an opposing side will attempt to test or rebut the findings by engaging in its own review process. Of course, in a proceeding like this one with multiple interested parties, there could be more than two sets of experts and teams engaged in a review process.

14. For each loan subject to review, the reunderwriter must examine the specific applicable (1) governing transaction documents that set forth the seller's various representations and warranties regarding the mortgage loans, and (2) underwriting guidelines of the originator, which may consist of several manuals, guides, and other documents. Notably, underwriting guidelines undergo frequent revisions, and the reviewer must locate the underwriting guidelines in effect at the time of origination of each loan under review.

15. For each loan that a reunderwriter is to review, each reunderwriter must examine the loan origination file, which typically consists of the credit, compliance, and closing package. An origination file typically comprises 200-600 pages, although it is not uncommon for a file to contain more than 800 pages.

16. Although there is no single established industry standard with respect to the specific details of a reunderwriting process, the process entails an examination of the borrower's credit risk, repayment capacity, and the collateral, relying on information that was available to the underwriter at the time of loan origination. For example, the reviewer would, among other things (and depending on program type), assess the borrower's monthly income and the appraised value of the property, review the reserves, credit score/history and property occupancy status, and calculate the combined loan-to-value ratio and debt-to-income ratio. The reviewer would also note any missing documentation required for the credit underwriting decision.² The reviewer then would compare the findings with the applicable underwriting guidelines and note any departures from the guidelines.

² Of course, that a document is not in the file at the time of a reunderwriting that occurs several years after origination does not mean that the document was not part of the file at the time of origination. Moreover, it is typical that in the course of reunderwriting, many "missing" documents are located. Typically, location of a missing document is sufficient to cure any purported breach related to a missing document, even assuming that missing documentation could ever be a material breach.

17. As was disclosed to investors at the time the certificates were issued, Countrywide's underwriting guidelines themselves permit "exceptions" to be made and the loan approved if there are "compensating factors." *See* ProSupp at S-58 ("Exceptions to Countrywide Home Loans' underwriting guidelines may be made if compensating factors are demonstrated by a prospective borrower."); CWABS 2006-13 ProSupp at S-20 ("On a case by case basis, Countrywide Home Loans, Inc. may determine that, based upon compensating factors, a prospective borrower not strictly qualifying under its applicable underwriting risk category guidelines warrants an underwriting exception. It is expected that a significant number of the mortgage loans will have been originated based on underwriting exceptions of these types."). As a result, even if the loan is found to deviate from an applicable underwriting guideline, the reunderwriter proceeds to review compensating factors to determine whether they support any exceptions. As with the application of all underwriting guidelines in the reunderwriting process, these exceptions and compensating factors must be assessed as of the time of origination.

18. Ultimately, the reunderwriter reviews the loan file and concludes, for each loan, whether the loan breached the relevant representations and warranties in the PSA, including the representation and warranty of material compliance with underwriting guidelines.³ Subsequently, there are one or more higher-level and quality-control reviews where the findings are confirmed or rejected, again based on the loan files and applicable guidelines and relevant representations and warranties.

19. There are substantial logistical challenges and burdens associated with a large-scale reunderwriting process. Because it is necessary to maintain consistency among reviewers, reunderwriting teams are not highly scalable. There is a limited pool of professionals who are

³ The subjectivity of these determinations is addressed below in Section B.

trained and experienced in reunderwriting. The cost of retaining an appropriate forensic firm to review, for example, 10,000 loan files can range from \$2 million to \$3.5 million. The rate of review is variable depending on, among other things, the size of the loan file, the quality of the loan file, the complexity of the program type, and the potential breaches in the loan file.

However, in my professional experience, a reunderwriter working full-time typically can review approximately five to six loan files per day. One or more higher-level and quality-control reviews can add weeks or months to the process.

20. Of course, a serial review, wherein various parties attempt to rebut the findings of other parties — as would be expected in this context — requires repetition of this process (including time and expense) as often as necessary to narrow the differences to the extent possible. Though it is difficult to generalize without knowing the ultimate number of loans subject to review, the reunderwriting process in the context of a substantial litigation will take at least several months, and frequently several years.

B. Subjectivity of Loan File Review

21. Underwriting — and reunderwriting — is at least as much an art, as a science. Determinations of a breach of underwriting guidelines and/or a representation and warranty, much less a “material” breach, involve the application of subjective standards and discretionary judgments that reasonably can lead professional reunderwriters to reach different conclusions.

22. Underwriting guidelines typically introduce several opportunities for subjective determinations even with respect to assessing particular criteria. For example, assessing whether a borrower’s stated income in a “stated income” loan (a loan type that does not require the originating underwriter to verify income) indicates a breach of underwriting guidelines is a highly subjective determination, and loan file reviewers may differ widely in their views of

reasonableness or unreasonableness, as well as in their views of what it is appropriate to consider in making those determinations.

23. Substantial room for subjective judgment also is provided by Countrywide's disclosed allowance for "exceptions" to specific underwriting guidelines if "compensating factors" are present. *See* ¶ 17, *supra*. Compensating factors may include, but are not limited to: the borrower's having excess liquid reserves after closing; a demonstrated ability to make the monthly payment, accumulate savings, and/or manage debt; established employment or the potential for increased earnings based on education or training; long-term secondary sources of income; and credit score and history. These compensating factors must be weighed against the relevant identified deviations from guidelines. Accordingly, this process requires substantial exercise of an individual reunderwriter's professional judgment and discretion, which results in considerable inconsistency among reunderwriters.

24. Representations and warranties in a PSA typically overlay an additional layer of subjectivity by incorporating subjective terms like "material," "prudent" and "customary," as the following examples from Countrywide's representations and warranties demonstrate:

- "Each Mortgage Loan was underwritten in all material respects in accordance with the underwriting guidelines described in the Prospectus Supplement." PSA, S-III-A ¶ 37 (emphasis added).
- "The origination, underwriting and collection practices used by Countrywide with respect to each Mortgage Loan have been in all respects legal, prudent and customary in the mortgage lending and servicing business." *Id.* ¶ 23 (emphasis added).
- "The Mortgage Loans, individually and in the aggregate, conform in all material respects to the descriptions thereof in the Prospectus Supplement." *Id.* ¶ 44 (emphasis added).

25. Thus, to the extent any deviations from a particular underwriting guideline exist, the reunderwriter also must determine whether such deviations are "material" in the context of other information in the loan file, including any compensating factors. *See id.* ¶ 37. For

example, professional reunderwriters reasonably can differ as to what amount of variance from a numerical ratio set forth in applicable guidelines, such as debt-to-income or loan-to-value, would be considered a material deviation.

26. Moreover, there are sometimes divergent opinions, not only about the *application* of representations and warranties, but also about the *meaning* of representations and warranties. For example, a common representation and warranty provides that the “[i]nformation set forth on [the Mortgage Loan Schedule] . . . with respect to each Initial Mortgage Loan is true and correct in all material respects as of the Closing Date.” *Id.* ¶ 1. A Mortgage Loan Schedule generally contains a “code indicating whether the residential dwelling at the time of origination was represented to be owner-occupied.” *See* PSA § 1.01. This representation is typically understood in the industry to be a statement as to whether the borrower intended to occupy the property as evident at origination, not whether it was actually occupied. Yet some might nevertheless argue that evidence developed after origination (e.g., a borrower’s subsequent tax filing) is relevant to demonstrate that the property was not owner-occupied.

27. All this subjectivity and divergence typically results in conclusions about particular loans that are highly variable. Some examples of typical inconsistent conclusions by reunderwriters on two sides of a litigation follow:

- A borrower might have a stated income that one reunderwriter views as unreasonable in the context of that borrower’s occupation, length of employment, and/or geographic region. Another reunderwriter might define the occupation and/or the relevant geographic region more broadly or narrowly and arrive at a conclusion that the stated income is consistent with those criteria. Yet another reunderwriter might find that, notwithstanding the disparity between a borrower’s stated income and what might be expected from the relevant employment and location, the stated income is supported by proven reserves of assets and credit profile, among other factors.
- One reunderwriter may understand applicable underwriting guidelines to call for a discount with respect to retirement reserves and find that the application of the discount reduces reserves below a required level. Another reunderwriter may recognize that the


discount is not relevant because the borrower is above retirement age, and thus there would be no withdrawal penalty and no reason for applying any discount. Still another reunderwriter may find that even if the reserves are insufficient, other factors such as income compensate for any shortfall in reserves.

- A loan file may include an adjusted appraisal. Reunderwriters reasonably may differ about whether the adjustment was sufficiently supported by the available information to use the adjusted value (which would then be used for various calculations, such as the loan-to-value ratio).

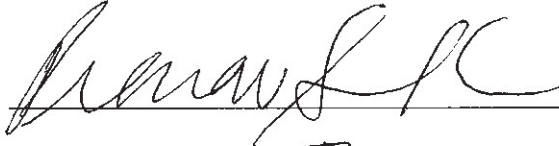
28. Even after concluding that a particular loan file has materially breached the underwriting guidelines and a representation and warranty of the PSA, there is an additional layer of subjectivity in determining whether such breach “materially and adversely affects the interests of the Certificateholders in that [m]ortgage [l]oan,” making the loan subject to a repurchase demand. PSA § 2.03(c).

29. Thus, even at the conclusion of a resource-intensive loan file review process, an objective loan-repurchase rate will not exist. Simply stated, determination of a “true breach rate” is not a realistic outcome from an adversarial loan file review process. Based on my professional experience, I expect that the parties here would disagree over the large majority of loans in the sample. In order to reach any definitive repurchase rate, the allegations of representation and warranty breach for a substantial percentage of disputed loans, would have to be resolved by an independent third party, such as the Court or its designee, on a loan-by-loan basis.

Dated: May 2, 2012
Libertyville, IL


Peter S. Kempf

Sworn to before me this 2ND day of May, 2012.



Notary Public, State of IL

My commission expires: 1/31/2016



Exhibit A

EXECUTION COPY

CWALT, INC.,
Depositor

COUNTRYWIDE HOME LOANS, INC.,
Seller

PARK GRANADA LLC,
Seller

PARK MONACO INC.,
Seller

PARK SIENNA LLC,
Seller

COUNTRYWIDE HOME LOANS SERVICING LP,
Master Servicer

and
THE BANK OF NEW YORK,
Trustee

POOLING AND SERVICING AGREEMENT
Dated as of November 1, 2006

ALTERNATIVE LOAN TRUST 2006-OA19

MORTGAGE PASS-THROUGH CERTIFICATES, SERIES 2006-OA19

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THIS POOLING AND SERVICING AGREEMENT, dated as of November 1, 2006, among CWALT, INC., a Delaware corporation, as depositor (the "*Depositor*"), COUNTRYWIDE HOME LOANS, INC. ("*Countrywide*"), a New York corporation, as a seller (a "*Seller*"), PARK GRANADA LLC ("*Park Granada*"), a Delaware limited liability company, as a seller (a "*Seller*"), PARK MONACO INC. ("*Park Monaco*"), a Delaware corporation, as a seller (a "*Seller*"), PARK SIENNA LLC ("*Park Sienna*"), a Delaware limited liability company, as a seller (a "*Seller*"), COUNTRYWIDE HOME LOANS SERVICING LP, a Texas limited partnership, as master servicer (the "*Master Servicer*"), and THE BANK OF NEW YORK, a banking corporation organized under the laws of the State of New York, as trustee (the "*Trustee*").

WITNESSETH THAT

In consideration of the mutual agreements contained in this Agreement, the parties to this Agreement agree as follows:

PRELIMINARY STATEMENT

The Depositor is the owner of the Trust Fund that is hereby conveyed to the Trustee in return for the Certificates. As provided herein, the Trustee will elect that the Trust Fund (excluding the Carryover Shortfall Reserve Fund, the Pre-Funding Account and the Capitalized Interest Account)) be treated for federal income tax purposes as two real estate mortgage investment conduits (each a "REMIC," or in the alternative, the "Master REMIC" and the "Expanding Strip ("ES") REMIC" respectively). The Master REMIC will hold as assets the several classes of uncertificated ES REMIC Interests (other than the Class ES-A-R Interest). Each Certificate, other than the Class A-R Certificate, will represent ownership of one or more REMIC regular interests in the Master REMIC. The Class A-R Certificate will represent ownership of the sole class of REMIC residual interest in each of the ES REMIC and the Master REMIC. The ES REMIC will hold as assets all the assets of the Trust Fund (excluding the Carryover Shortfall Reserve Fund, the Pre-Funding Account and the Capitalized Interest Account). The uncertificated ES REMIC Interests (other than the Class ES-A-R Interest) are designated as REMIC regular interests in the ES REMIC. The ES-A-R Interest is designated as the sole Class of REMIC residual interest in the ES REMIC. The "latest possible maturity date," for federal income tax purposes, of all REMIC regular interests created hereby will be the Latest Possible Maturity Date.

The following table specifies the Class designation, interest rate, and principal amount for each Class of ES REMIC Interests:

The following table specifies the Class designation, interest rate, and principal amount for each Class of ES REMIC Interests:

Expanding Strip REMIC Interest	Initial Principal Balance	Interest Rate	Corresponding Master REMIC Certificate
ES-SR-A-1	(1)	(3)	Class A-1
ES-SR-A-2	(1)	(3)	Class A-2
ES-SR-A-3A	(1)	(3)	Class A-3A
ES-SR-A-3B	(1)	(3)	Class A-3B
ES-SR-A-4	(1)	(3)	Class A-4
ES-SR-A-5	(1)	(3)	Class A-5
ES-X-1-Accrual	(1)	(3)	N/A
ES-\$100	\$100	(3)	Class A-R
ES-SB-M-1	(2)	(3)	Class M-1
ES-SB-M-2	(2)	(3)	Class M-2
ES-SB-M-3	(2)	(3)	Class M-3
ES-SB-M-4	(2)	(3)	Class M-4
ES-SB-M-5	(2)	(3)	Class M-5
ES-SB-M-6	(2)	(3)	Class M-6
ES-SB-M-7	(2)	(3)	Class M-7
ES-SB-M-8	(2)	(3)	Class M-8
ES-SB-M-9	(2)	(3)	Class M-9
ES-SB-M-10	(2)	(3)	Class M-10
ES-SB-B-1	(2)	(3)	Class B-1
ES-SB-B-2	(2)	(3)	Class B-2
ES-SB-B-3	(2)	(3)	Class B-3
ES-X-2-Accrual	(2)	(3)	N/A
ES-A-R	(4)	(4)	N/A

- (1) Each Class ES-SR Interest has a principal balance that is initially equal to 50% of its Corresponding Certificate Class issued by the Master REMIC. The Class ES-X-1-Accrual Interest has a principal balance that is initially equal to the aggregate of the initial principal balances of the Class ES-SR Interests.
- (2) Each Class ES-SB Interest has a principal balance that is initially equal to 50% of its Corresponding Certificate Class issued by the Master REMIC. The Class ES-X-2-Accrual Interest has a principal balance that is initially equal to the aggregate of the initial principal balances of the Class ES-SB Interests.
- (3) The interest rate with respect to any Distribution Date (and the related Interest Accrual Period) for this ES REMIC Interest is a per annum rate equal to the Net Rate Cap.
- (4) The Class ES-A-R Interest is the sole Class of residual interest in the ES REMIC. It pays no interest or principal.

On each Distribution Date, the Available Funds payable with respect to the Mortgage Loans and all prepayment charges and any Master Servicer Prepayment Charge Amounts for such Distribution Date shall be distributed with respect to the ES REMIC Interests in the following manner:

(1) Interest. Interest is to be distributed with respect to each ES REMIC Interest at the rate, or according to the formulas, described above; and

(2) Principal. Principal payments, both scheduled and prepaid, Realized Losses, Subsequent Recoveries and interest accruing on the Mortgage Loans will be allocated (a) to each Class ES-SR and ES-SB Interest so as to maintain its size relative to its Corresponding Certificate Class (that is, 50%) with any excess payments of principal, Realized Losses, Subsequent Recoveries and interest accruing on the Mortgage Loans being allocated (b) to (i) the Class ES-X-1-Accrual Interest so as to cause the principal balance of the Class ES-X-1-Accrual Interest to have a principal balance equal to the sum of (A) the aggregate principal balance of the Class ES-SR Interests plus (B) 100% of the Net Deferred Interest allocated to the Class X-P PO-1 Component of the Class X-P Certificates and (ii) the Class ES-X-2-Accrual Interest so as to cause the principal balance of the Class ES-X-2-Accrual Interest to have a principal balance equal to the sum of (A) the principal balance of the Class ES-SB Interests plus (B) 100% of the Net Deferred Interest allocated to the Class X-P PO-2 Component of the Class X-P Certificates.

(3) Prepayment Charges. Any Prepayment Charges paid on the Mortgage Loans and any Master Servicer Prepayment Charge Amounts will be allocated among the Class ES-SR and Class ES-SB Interests in proportion to their principal balances.

The following table sets forth characteristics of the Certificates, together with minimum denominations and integral multiples in excess thereof in which such Classes shall be issued (except that one Certificate of each Class of Certificates may be issuable in a different amount and, in addition, one Residual Certificate representing the Tax Matters Person Certificate may be issued in a different amount for each Class of REMIC Interest):

Class Designation	Initial Class Certificate Balance	Pass-Through Rate (per annum)	Minimum Denomination	Integral Multiples in Excess of Minimum
Class A-1	\$ 560,476,000	(1)	\$ 25,000.00	\$1.00
Class A-2	\$ 233,531,000	(1)	\$ 25,000.00	\$1.00
Class A-3A	\$ 100,000,000	(1)	\$ 25,000.00	\$1.00
Class A-3B	\$ 40,118,000	(1)	\$ 25,000.00	\$1.00
Class A-4	\$ 120,000,000	(1)	\$ 25,000.00	\$1.00
Class A-5	\$ 30,000,000	(1)	\$ 25,000.00	\$1.00
Class A-R	\$ 100	(2)	(3)	(3)
Class X-P	\$ 1,224,999,900 (4)	(5)(6)	\$100,000.00(7)	\$1.00
Class M-1	\$ 27,562,000	(1)	\$ 25,000.00	\$1.00
Class M-2	\$ 24,499,000	(1)	\$ 25,000.00	\$1.00
Class M-3	\$ 9,187,000	(1)	\$ 25,000.00	\$1.00
Class M-4	\$ 9,187,000	(1)	\$ 25,000.00	\$1.00
Class M-5	\$ 9,187,000	(1)	\$ 25,000.00	\$1.00
Class M-6	\$ 6,124,000	(1)	\$ 25,000.00	\$1.00
Class M-7	\$ 6,124,000	(1)	\$ 25,000.00	\$1.00
Class M-8	\$ 6,124,000	(1)	\$ 25,000.00	\$1.00
Class M-9	\$ 6,124,000	(1)	\$ 25,000.00	\$1.00
Class M-10	\$ 11,024,000	(1)	\$ 25,000.00	\$1.00
Class B-1	\$ 8,574,000	(1)	\$100,000.00	\$1.00
Class B-2	\$ 6,124,000	(1)	\$100,000.00	\$1.00
Class B-3	\$ 11,034,900	(1)	\$100,000.00	\$1.00

- (1) The Pass-Through Rate for this Class for each Interest Accrual Period related to each Distribution Date will be a per annum rate equal to the lesser of (a) LIBOR plus the applicable Pass-Through Margin for such Class and (b) the related Net Rate Cap. The Pass-Through Rates for the LIBOR Certificates for the Interest Accrual Period related to the first Distribution Date, without giving effect to the related Net Rate Cap, will be as set forth in the following table:

Class of Certificates	Initial Pass-Through Rate (%) (1)
Class A-1	5.5000
Class A-2	5.5700
Class A-3A	5.5100
Class A-3B	5.5900
Class A-4	5.5300
Class A-5	5.5600
Class M-1	5.7300
Class M-2	5.7600
Class M-3	5.7900
Class M-4	5.9700
Class M-5	6.0200
Class M-6	6.0700
Class M-7	6.8200
Class M-8	7.0700
Class M-9	7.0700
Class M-10	7.0700
Class B-1	7.0700
Class B-2	7.0700
Class B-3	7.0700

(1) Without giving effect to the Net Rate Cap.

- (2) For each Interest Accrual Period for any Distribution Date, the Pass-Through Rate for the Class A-R Certificates will be the Weighted Average Adjusted Net Mortgage Rate of the Mortgage Loans. The Pass-Through Rate for the Class A-R Certificates for the Interest Accrual Period for the first Distribution Date will be 5.492% per annum.
- (3) The Class A-R Certificate will be issued as two separate certificates, one with an initial Certificate Balance of \$99.99 and the Tax Matters Person Certificate with an initial Certificate Balance of \$0.01.
- (4) The Class X-P Certificates initially will have no Class Certificate Balance and will have a notional amount equal to the aggregate Component Notional Amount of the Class X-P IO-1 and Class X-P IO-2 Components.
- (5) Interest will accrue with respect to the Class X-P Certificates for the Interest Accrual Period related to each Distribution Date in an amount equal to the sum of the interest accrued on the Class X-P IO-1 and Class X-P IO-2 Components at their respective Pass-Through Rates for that Interest Accrual Period. The Class X-P Certificates will also be entitled to receive on each Distribution Date the Prepayment Charges received with respect to the Mortgage Loans during the related Prepayment Period and the Master Servicer Prepayment Charge Payment Amount for such Distribution Date.
- (6) For federal income tax purposes, for each Interest Accrual Period for any Distribution Date, the Class X-P Certificates are entitled to the sum of:

- A. The interest on the Class ES-SR and Class ES-X-1-Accrual Interests equal to the excess of (a) the Net Rate Cap over (b) the product of two and the weighted average interest rate of the Class ES-SR and Class ES-X-1-Accrual Interests with

each Interest (other than the Class ES-X-1-Accrual Interest) subject to a cap equal to the Pass-Through Rate of the corresponding Certificate Class and the Class ES-X-1-Accrual Interest subject to a cap of 0.00%. The amounts so calculated shall be a rate sufficient to entitle the Class X-P Certificates to all interest accrued on the Class ES-SR and Class ES-X-1 Accrual Interests less the interest accrued on the Class A Certificates. For purposes of this calculation, the Pass-Through Rate of the Class A-3A Certificates shall be increased by the Class A-3A Premium Rate.

- B. The Class ES-SB and Class ES-X-2-Accrual Interests equal to the excess of (a) the Net Rate Cap over (b) the product of two and the weighted average interest rate of the Class ES-SB and Class ES-X-2-Accrual Interests with each Interest (other than the Class ES-X-2-Accrual Interest) subject to a cap equal to the Pass-Through Rate of the corresponding Certificate Class and the ES-X-2-Accrual Interest subject to a cap of 0.00%. The amounts so calculated shall be a rate sufficient to entitle the Class X-P Certificates to all interest accrued on the Class ES-SB and Class ES-X-2 Accrual Interests less the interest accrued on the Class M and Class B Certificates.
- C. Any Prepayment Charges and any Master Servicer Prepayment Charge Amounts allocated to the Class ES-SR and Class ES-SB Interests.

(7) Based on the Notional Amount.

The foregoing REMIC structure is intended to cause all of the cash from the Mortgage Loans to flow through to the Master REMIC as cash flow on a REMIC regular interest, without creating any shortfall—actual or potential (other than for credit losses) to any REMIC regular interest. It is not intended that the Class A-R Certificates be entitled to any cash flow pursuant to this Agreement except as provided in Section 4.02(a)(1) hereunder.

For any purpose for which the Pass-Through Rates is calculated, the interest rate on the Mortgage Loans shall be appropriately adjusted to account for the difference between the monthly day count convention of the Mortgage Loans and the monthly day count convention of the regular interests issued by each of the REMICs. For purposes of calculating the Pass-Through Rates for each of the interests issued by REMIC, such rates shall be adjusted to equal a monthly day count convention based on a 30 day month for each Due Period and a 360-day year so that the Mortgage Loans and all regular interests will be using the same monthly day count convention.

Set forth below are designations of Classes or Components of Certificates to the categories used in this Agreement:

Accretion Directed Certificates.....	None.
Accretion Directed Components	None.
Accrual Certificates	None.
Accrual Components	None.
Book-Entry Certificates.....	All Classes of Certificates other than the Physical Certificates.
Class A Certificates	The Class A-1, Class A-2, Class A-3A, Class A-3B, Class A-4 and Class A-5 Certificates.
Class B Certificates	The Class B-1, Class B-2 and Class B-3 Certificates.
Class M Certificates.....	The Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7, Class M-8, Class M-9 and Class M-10 Certificates.
COFI Certificates.....	None.
Combined Certificates	None.
Component Certificates.....	The Class X-P Certificates.

For purposes of calculating distributions of principal and/or interest, each Class of Component Certificates will be comprised of multiple payment components having the Designations, Initial Component Principal Balances and Component Notional Amounts, as applicable, and Pass-Through Rates set forth below:

Designation	Initial Component Principal Balance	Closing Date Component Notional Amount	Pass- Through Rate
Class X-P IO-1	N/A	\$ 1,084,125,000	(1)
Class X-P IO-2	N/A	\$ 140,874,900	(2)
Class X-P PO-1	\$0	N/A	0%
Class X-P PO-2	\$0	N/A	0%

(1) For the Interest Accrual Period for each Distribution Date, a per annum rate equal to the excess, if any, of (i) the Net Rate Cap for the Class A-1 Certificates (adjusted to a rate calculated on the basis of a 360-day year comprised of twelve 30-day months) over (ii) the

weighted average of the Pass-Through Rates of the Class A Certificates and the Class X-P PO-1 Component for that Distribution Date (weighted on the basis of the respective Class Certificate Balances of the Class A Certificates and the Component Principal Balance of the Class X-P PO-1 Component and adjusted to a rate calculated on the basis of a 360-day year comprised of twelve 30-day months). For purposes of calculating the Pass-Through Rate for the Class X-P IO-1 Component, 0.08% will be added to the Pass-Through Rate of the Class A-3A Certificates.

(2) For the Interest Accrual Period related to each Distribution Date, a per annum rate equal to the excess, if any, of (i) the Net Rate Cap for the Class A-1 Certificates (adjusted to a rate calculated on the basis of a 360-day year comprised of twelve 30-day months) over (ii) the weighted average of the Pass-Through Rates of the Subordinated Certificates and the Class X-P PO-2 Component for that Distribution Date (weighted on the basis of the respective Class Certificate Balances of the Subordinated Certificates and the Component Principal Balance of the Class X-P PO-2 Component and adjusted to a rate calculated on the basis of a 360-day year comprised of twelve 30-day months).

Components.....

The Notional Amount Components and Principal Only Components. The Components are not separately transferable from the related Class of Certificates.

Delay Certificates.....

All interest-bearing Classes of Certificates other than the Non-Delay Certificates, if any.

ERISA-Restricted
Certificates.....

The Offered Certificates (other than the Class A-1 Certificates and Class A-4 Certificates), the Residual Certificates, the Private Certificates and any Certificate of a Class that does not have or no longer has a rating of at least AA- or its equivalent from at least one Rating Agency.

Floating Rate Certificates

The LIBOR Certificates.

LIBOR Certificates.....

Class A, Class M and Class B Certificates.

Non-Delay Certificates

The LIBOR Certificates.

Notional Amount
Certificates.....

None.

Notional Amount
Components.....

Class X-P IO-1 and Class X-P IO-2 Components.

Offered Certificates.. ..

All Classes of Certificates other than the Private Certificates.

Physical Certificates..	The Private Certificates and the Residual Certificates.
Planned Principal Classes.....	None.
Planned Principal Components	None.
Principal Only Components...	Class X-P PO-1 and Class X-P PO-2 Components.
Private Certificates..	Class B-1, Class B-2 and Class B-3 Certificates.
Rating Agencies.....	S&P and Moody's.
Regular Certificates.	All Classes of Certificates, other than the Residual Certificates.
Residual Certificates.....	The Class A-R Certificates.
Senior Certificates	Class A, Class X-P and Class A-R Certificates.
Subordinated Certificates	Class M and Class B Certificates.
Targeted Principal Classes.....	None.
Underwriter.....	Countrywide Securities Corporation.

With respect to any of the foregoing designations as to which the corresponding reference is "None," all defined terms and provisions in this Agreement relating solely to such designations shall be of no force or effect, and any calculations in this Agreement incorporating references to such designations shall be interpreted without reference to such designations and amounts. Defined terms and provisions in this Agreement relating to statistical rating agencies not designated above as Rating Agencies shall be of no force or effect.

ARTICLE I
DEFINITIONS

SECTION 1.01. Defined Terms.

Whenever used in this Agreement, the following words and phrases, unless the context otherwise requires, shall have the following meanings:

Account: Any Escrow Account, the Certificate Account, the Distribution Account, the Carryover Shortfall Reserve Fund, the Principal Reserve Fund, the Pre-Funding Account, the Capitalized Interest Account or any other account related to the Trust Fund or the Mortgage Loans.

Accretion Directed Certificates: As specified in the Preliminary Statement.

Accretion Direction Rule: Not applicable.

Accrual Amount: Not applicable.

Accrual Certificates: As specified in the Preliminary Statement.

Accrual Components: As specified in the Preliminary Statement.

Accrual Termination Date: Not applicable.

Additional Designated Information: As defined in Section 11.02.

Adjusted Mortgage Rate: As to each Mortgage Loan, and at any time, the per annum rate equal to the Mortgage Rate less the Master Servicing Fee Rate.

Adjusted Net Mortgage Rate: As to each Mortgage Loan, and at any time, the per annum rate equal to the Mortgage Rate (as of the first day of the related Due Period) less the Expense Fee Rate.

Adjusted Rate Cap: With respect to the LIBOR Certificates for any Distribution Date, the excess, if any, of the Net Rate Cap for such Distribution Date, over a fraction expressed as a percentage, the numerator of which is equal to the product of (i) a fraction, the numerator of which is 360 and the denominator of which is the actual number of days in the related Interest Accrual Period and (ii) the amount of Net Deferred Interest for the Mortgage Loans for that Distribution Date, and the denominator of which is the aggregate Stated Principal Balance of the Mortgage Loans as of the first day of the related Due Period.

With respect to the Class X-P IO-1 and Class X-P IO-2 Components for any Distribution Date, the Pass-Through Rate for such Component computed for this purpose by (A) reducing the Weighted Average Adjusted Net Mortgage Rate of the Mortgage Loans by a per annum rate equal to (i) the product of (a) the Net Deferred Interest for such Distribution Date and (b) 12, divided by (ii) the aggregate Stated Principal Balance of the Mortgage Loans as of the first day

of the Due Period for such Distribution Date and (B) computing the Pass-Through Rates of the Senior Certificates (other than the Class A-R and Class X-P Certificates) by substituting "Adjusted Rate Cap" for "Net Rate Cap" in the calculation thereof.

Adjustment Date: A date specified in each Mortgage Note as a date on which the Mortgage Rate on the related Mortgage Loan will be adjusted.

Advance: The payment required to be made by the Master Servicer with respect to any Distribution Date pursuant to Section 4.01, the amount of any such payment being equal to the aggregate of payments of principal and interest (net of the Master Servicing Fee) on the Mortgage Loans that were due in the related Due Period and not received by the Master Servicer as of the close of business on the related Determination Date, together with an amount equivalent to interest on each Mortgage Loan as to which the related Mortgaged Property is an REO Property (net of any net income on such REO Property), less the aggregate amount of any such delinquent payments that the Master Servicer has determined would constitute a Nonrecoverable Advance, if advanced.

Aggregate Supplemental Purchase Amount: With respect to any Supplemental Transfer Date, the "Aggregate Supplemental Purchase Amount" identified in the related Supplemental Transfer Agreement, which shall be an estimate of the aggregate Stated Principal Balances of the Supplemental Mortgage Loans identified in such Supplemental Transfer Agreement.

Aggregate Supplemental Transfer Amount: With respect to any Supplemental Transfer Date, the aggregate Stated Principal Balance as of the related Supplemental Cut-off Date of the Supplemental Mortgage Loans conveyed on such Supplemental Transfer Date, as listed on the revised Mortgage Loan Schedule delivered pursuant to the Supplemental Transfer Agreement; provided, however, that such amount shall not exceed the amount on deposit in the Pre-Funding Account.

Agreement: This Pooling and Servicing Agreement and all amendments or supplements to this Pooling and Servicing Agreement.

Allocable Share: As to any Distribution Date, any Class of Certificates or any interest-bearing Component thereof, the ratio that the amount calculated with respect to such Distribution Date pursuant to clause (i) of the definition of Class Optimal Interest Distribution Amount (without giving effect to any reduction of such amount pursuant to Section 4.02(d)) bears to the aggregate amount calculated with respect to such Distribution Date for each such Class of Certificates pursuant to clause (i) of the definition of Class Optimal Interest Distribution Amount (without giving effect to any reduction of such amounts pursuant to Section 4.02(d)).

Ambac: Ambac Assurance Corporation.

Ambac Contact Person: The officer designated by the Master Servicer to provide information to Ambac pursuant to Section 4.07(i).

Ambac Default: As defined in Section 4.07(i).

Amount Held for Future Distribution: As to any Distribution Date, the aggregate amount held in the Certificate Account at the close of business on the related Determination Date on account of (i) Principal Prepayments received after the related Prepayment Period and Liquidation Proceeds and Subsequent Recoveries received in the month of such Distribution Date and (ii) all Scheduled Payments due in the related Due Period.

Applicable Credit Support Percentage: As defined in Section 4.02(e).

Appraised Value: With respect to a Mortgage Loan other than a Refinancing Mortgage Loan, the lesser of (a) the value of the Mortgaged Property based upon the appraisal made at the time of the origination of such Mortgage Loan and (b) the sales price of the Mortgaged Property at the time of the origination of such Mortgage Loan. With respect to a Refinancing Mortgage Loan other than a Streamlined Documentation Mortgage Loan, the value of the Mortgaged Property based upon the appraisal made at the time of the origination of such Refinancing Mortgage Loan. With respect to a Streamlined Documentation Mortgage Loan, (a) if the loan-to-value ratio with respect to the Original Mortgage Loan at the time of the origination thereof was 80% or less and the loan amount of the new mortgage loan is \$650,000 or less, the value of the Mortgaged Property based upon the appraisal made at the time of the origination of the Original Mortgage Loan and (b) if the loan-to-value ratio with respect to the Original Mortgage Loan at the time of the origination thereof was greater than 80% or the loan amount of the new mortgage loan being originated is greater than \$650,000, the value of the Mortgaged Property based upon the appraisal (which may be a drive-by appraisal) made at the time of the origination of such Streamlined Documentation Mortgage Loan.

Available Funds: As to any Distribution Date, the sum of (a) the aggregate amount held in the Certificate Account at the close of business on the related Determination Date in respect of the Mortgage Loans pursuant to Section 3.05(b) net of the Amount Held for Future Distribution, net of any Prepayment Charges and net of amounts permitted to be withdrawn from the Certificate Account pursuant to clauses (i) – (viii), inclusive, of Section 3.08(a) and amounts permitted to be withdrawn from the Distribution Account pursuant to clauses (i) - (v), inclusive, of Section 3.08(b), (b) the amount of the related Advance and (c) in connection with Defective Mortgage Loans, as applicable, the aggregate of the Purchase Prices and Substitution Adjustment Amounts deposited on the related Distribution Account Deposit Date, (d) on each Funding Period Distribution Date, the amount, if any, transferred from the Capitalized Interest Account in respect of the applicable Capitalized Interest Requirement and (e) with respect to the first Distribution Date after the end of the Funding Period, amounts remaining on deposit in the Pre-Funding Account as of the end of the Funding Period. The Holders of the Class X-P Certificates will be entitled to all Prepayment Charges received on the Mortgage Loans, and such amounts will not be available for distribution to the Holders of any other Class of Certificates.

Bankruptcy Code: Title 11 of the United States Code, as amended.

Benefit Plan Opinion: As defined in Section 5.02(b).

Book-Entry Certificates: As specified in the Preliminary Statement.

Business Day: Any day other than (i) a Saturday or a Sunday or (ii) a day on which banking institutions in the City of New York, New York, or the States of California or Texas or

the city in which the Corporate Trust Office of the Trustee is located are authorized or obligated by law or executive order to be closed.

Carryover Shortfall Amount: For any Class of LIBOR Certificates and any Distribution Date, the sum of (a) the excess, if any, of (i) the amount of interest such Class of Certificates would have been entitled to receive on such Distribution Date pursuant to clause (i) of the definition of Class Optimal Interest Distribution Amount (prior to any reductions pursuant to Section 4.02(d) and any reduction due to the allocation of Net Deferred Interest) had the applicable Pass-Through Rate not been limited to the related Net Rate Cap, over (ii) the amount of interest such Class of Certificates is entitled to receive on such Distribution Date pursuant to clause (i) of the definition of Class Optimal Interest Distribution Amount (prior to any reductions pursuant to Section 4.02(d) and any reduction due to the allocation of Net Deferred Interest) and (b) with respect to each Class of LIBOR Certificates (other than the Class B Certificates), the unpaid portion of any such excess from prior Distribution Dates (and interest accrued thereon at the then applicable Pass-Through Rate on such Class of Certificates, without giving effect to the Net Rate Cap).

Carryover Shortfall Reserve Fund: The separate fund created and initially maintained by the Trustee pursuant to Section 3.05(g) in the name of the Trustee for the benefit of the Holders of the LIBOR Certificates and the Class X-P Certificates and designated "The Bank of New York in trust for registered holders of CWALT, Inc., Alternative Loan Trust 2006-OA19, Mortgage Pass-Through Certificates, Series 2006-OA19." Funds in the Carryover Shortfall Reserve Fund shall be held in trust for the Holders of the LIBOR Certificates and the Class X-P Certificates for the uses and purposes set forth in this Agreement.

Capitalized Interest Account: The separate Eligible Account designated as such and created and maintained by the Trustee pursuant to Section 3.05(h) hereof. The Capitalized Interest Account shall be treated as an "outside reserve fund" under applicable Treasury regulations and shall not be part of any REMIC. Except as provided in Section 3.05(h) hereof, any investment earnings on the amounts on deposit in the Capitalized Interest Account shall be treated as owned by the Depositor and will be taxable to the Depositor.

Capitalized Interest Requirement: With respect to each Funding Period Distribution Date, the excess, if any, of (a) the sum of (1) the amount calculated pursuant to clause (i) of the definition of Class Optimal Interest Distribution Amount for each Class of Certificates for such Distribution Date (without giving effect to the Net Rate Cap in the calculation of the Pass-Through Rate for each Class of Certificates), plus (2) the Trustee Fee, over (b) with respect to each Mortgage Loan, (1) 1/12 of the product of the related Adjusted Mortgage Rate and the related Stated Principal Balance as of the related Due Date (prior to giving effect to any Scheduled Payment due on such Mortgage Loan on such Due Date) minus (2) any related reductions required by Section 4.02(d) hereof. On the Closing Date, the amount deposited in the Capitalized Interest Account shall be \$2,779,681.

Certificate: Any one of the Certificates executed by the Trustee in substantially the forms attached to this Agreement as exhibits.

Certificate Account: The separate Eligible Account or Accounts created and maintained by the Master Servicer pursuant to Section 3.05 with a depository institution, initially

Countrywide Bank, N.A., in the name of the Master Servicer for the benefit of the Trustee on behalf of Certificateholders and designated "Countrywide Home Loans Servicing LP in trust for the registered holders of Alternative Loan Trust 2006-OA19, Mortgage Pass-Through Certificates Series 2006-OA19."

Certificate Balance: With respect to any Certificate (other than the Notional Amount Certificates) at any date, the maximum dollar amount of principal to which the Holder thereof is then entitled under this Agreement, such amount being equal to the Denomination of that Certificate (A) plus any increase in the Certificate Balance of such Certificate pursuant to Section 4.02 due to the receipt of Subsequent Recoveries (B) *minus* the sum of (i) all distributions of principal previously made with respect to that Certificate and (ii) all Realized Losses allocated to that Certificate and, in the case of any Subordinated Certificates, all other reductions in Certificate Balance previously allocated to that Certificate pursuant to Section 4.04 without duplication, and (C) *increased by* the amount of Net Deferred Interest allocated to the applicable Class or Component pursuant to Section 4.03. Exclusively for the purpose of determining any subrogation rights of Ambac arising under Section 4.07, "Certificate Balance" of the Class A-3A Certificates will not be reduced by the amount of any payment made by Ambac in respect of principal on such Certificates under the Class A-3A Policy and Ambac shall be subrogated to such amounts, except to the extent such payment has been reimbursed to Ambac pursuant to the provisions of this Agreement. With respect to the Component Certificates at any date, the maximum dollar amount of principal to which the Holder thereof is entitled under this Agreement, such amount being equal to the Component Principal Balances of the related Principal Only Components as of such date.

Certificate Owner: With respect to a Book-Entry Certificate, the Person who is the beneficial owner of such Book-Entry Certificate. For the purposes of this Agreement, in order for a Certificate Owner to enforce any of its rights under this Agreement, it shall first have to provide evidence of its beneficial ownership interest in a Certificate that is reasonably satisfactory to the Trustee, the Depositor, and/or the Master Servicer, as applicable.

Certificate Register: The register maintained pursuant to Section 5.02.

Certificateholder or Holder: The person in whose name a Certificate is registered in the Certificate Register, except that, solely for the purpose of giving any consent pursuant to this Agreement, any Certificate registered in the name of the Depositor or any affiliate of the Depositor shall be deemed not to be Outstanding and the Percentage Interest evidenced thereby shall not be taken into account in determining whether the requisite amount of Percentage Interests necessary to effect such consent has been obtained; provided, however, that if any such Person (including the Depositor) owns 100% of the Percentage Interests evidenced by a Class of Certificates, such Certificates shall be deemed to be Outstanding for purposes of any provision of this Agreement (other than the second sentence of Section 10.01) that requires the consent of the Holders of Certificates of a particular Class as a condition to the taking of any action under this Agreement. The Trustee is entitled to rely conclusively on a certification of the Depositor or any affiliate of the Depositor in determining which Certificates are registered in the name of an affiliate of the Depositor.

Certification Party: As defined in Section 11.05.

Certifying Person: As defined in Section 11.05.

Class: All Certificates bearing the same class designation as set forth in the Preliminary Statement.

Class A-3A Available Funds: With respect to any Distribution Date, all funds available under this Agreement to make distributions on the Class A-3A Certificates on such Distribution Date, other than any Insured Amounts.

Class A-3A Policy: The irrevocable Certificate Guaranty Insurance Policy No. AB1045BE, including any endorsements thereto, issued by Ambac with respect to the Class A-3A Certificates.

Class A-3A Policy Payments Account: The separate Eligible Account created and maintained by the Trustee pursuant to Section 4.07(c) in the name of the Trustee for the benefit of the Class A-3A Certificateholders and designated "The Bank of New York in trust for registered holders of Alternative Loan Trust 2006-OA19, Mortgage Pass-Through Certificates, Series 2006-OA19, Class A-3A". Funds in the Class A-3A Policy Payments Account shall be held in trust for the Class A-3A Certificateholders and Ambac for the uses and purposes set forth in this Agreement.

Class A-3A Premium: With respect to the Class A-3A Policy and any Distribution Date, an amount equal to the product of one-twelfth (1/12) of the product of (a) the Class Certificate Balance of the Class A-3 Certificates immediately prior to such Distribution Date and (b) 0.08%. The Class A-3A Premium will be computed on a 360-day year and the actual number of days elapsed during the related Interest Accrual Period

Class Certificate Balance: With respect to any Class and as to any date of determination, the aggregate of the Certificate Balances of all Certificates of such Class as of such date.

Class Interest Shortfall: As to any Distribution Date and Class or Component, the amount by which the amount described in clause (i) of the definition of Class Optimal Interest Distribution Amount for such Class or Component exceeds the amount of interest actually distributed on such Class or Component on such Distribution Date pursuant to such clause (i).

Class LT-A-R Interest: The sole class of "residual interest" in the Lower Tier REMIC.

Class Optimal Interest Distribution Amount: With respect to any Distribution Date and any interest-bearing Class or Component, the sum of (i) one month's interest accrued during the related Interest Accrual Period at the Pass-Through Rate for such Class or Component on the related Class Certificate Balance, Component Principal Balance, Notional Amount or Component Notional Amount, as applicable, as of the last day of the related Interest Accrual Period, subject to reduction as provided in Section 4.02(d) reduced by any Net Deferred Interest on the Mortgage Loans for the related Distribution Date allocated to their respective Class Certificate Balances or Component Principal Balances, as applicable, as described in Section 4.03 and (ii) any Class Unpaid Interest Amounts for such Class or Component.

Class Subordination Percentage: With respect to any Distribution Date and each Class of Subordinated Certificates, the quotient (expressed as a percentage) of (a) the Class Certificate Balance of such Class of Subordinated Certificates immediately prior to such Distribution Date, divided by (b) the aggregate of the Class Certificate Balances of all Classes of Certificates (other than the Notional Amount Certificates) immediately prior to such Distribution Date.

Class Unpaid Interest Amounts: As to any Distribution Date and Class of interest-bearing Certificates or any interest-bearing Component, the amount by which the aggregate Class Interest Shortfalls for such Class or Component on prior Distribution Dates exceeds the amount distributed on such Class or Component on prior Distribution Dates pursuant to clause (ii) of the definition of Class Optimal Interest Distribution Amount. With respect to the Class A-3A Certificates, to the extent that Ambac has paid any interest due to the Class A-3A Certificateholders, the Class Unpaid Interest Amounts that such Certificateholders would have been entitled to receive if Ambac had not paid such amounts will be paid to Ambac as subrogee for such amounts.

Closing Date: November 30, 2006.

Code: The Internal Revenue Code of 1986, including any successor or amendatory provisions.

COFI: The Monthly Weighted Average Cost of Funds Index for the Eleventh District Savings Institutions published by the Federal Home Loan Bank of San Francisco.

COFI Certificates: As specified in the Preliminary Statement.

Commission: The U.S. Securities and Exchange Commission.

Compensating Interest: As to any Distribution Date, an amount equal to one-half of the Master Servicing Fee for the related Due Period.

Component: As specified in the Preliminary Statement.

Component Certificates: As specified in the Preliminary Statement.

Component Notional Amount: With respect to the Interest Accrual Period for any Distribution Date and the Class X-P IO-1 Component, the sum of (x) the aggregate Class Certificate Balance of the Class A Certificates immediately prior to such Distribution Date and (y) the Component Principal Balance of the Class X-P PO-1 Component immediately prior to such Distribution Date.

With respect to the Interest Accrual Period for any Distribution Date and the Class X-P IO-2 Component, the sum of (x) the excess, if any, of the aggregate Stated Principal Balance of the Mortgage Loans as of the first day of the related Due Period and amounts on deposit in the Pre-Funding Account over the sum of (a) the aggregate Class Certificate Balance of the Class A and Class A-R Certificates immediately prior to such Distribution Date and (b) the aggregate Component Principal Balance of the Class X-P PO-1 and Class X-P PO-2 Components immediately prior to such Distribution Date and (y) the Component Principal Balance of the Class X-P PO-2 Component immediately prior to such Distribution Date.

Component Principal Balance: With respect to any date and any Principal Only Component, an amount equal to (i) the aggregate Net Deferred Interest allocated to the related Notional Amount Component pursuant to Section 4.03 on all prior Distribution Dates minus (ii) all amounts actually distributed as principal of such Principal Only Component and all Realized Losses applied in reduction of principal of such Principal Only Component on all prior Distribution Dates plus (iii) any increase in the Component Principal Balance of such Principal Only Component pursuant to Section 4.02 on all prior Distribution Dates due to the receipt of Subsequent Recoveries.

Coop Shares: Shares issued by a Cooperative Corporation.

Cooperative Corporation: The entity that holds title (fee or an acceptable leasehold estate) to the real property and improvements constituting the Cooperative Property and which governs the Cooperative Property, which Cooperative Corporation must qualify as a Cooperative Housing Corporation under section 216 of the Code.

Cooperative Loan: Any Mortgage Loan secured by Coop Shares and a Proprietary Lease.

Cooperative Property: The real property and improvements owned by the Cooperative Corporation, including the allocation of individual dwelling units to the holders of the Coop Shares of the Cooperative Corporation.

Cooperative Unit: A single family dwelling located in a Cooperative Property.

Corporate Trust Office: The designated office of the Trustee in the State of New York at which at any particular time its corporate trust business with respect to this Agreement shall be administered, which office at the date of the execution of this Agreement is located at 101 Barclay Street, 4 West, New York, New York 10286, Attn: Mortgage-Backed Securities Group, CWALT, Inc. Series 2006-OA19, facsimile no. (212) 815-3986, and which is the address to which notices to and correspondence with the Trustee should be directed.

Countrywide: Countrywide Home Loans, Inc., a New York corporation and its successors and assigns, in its capacity as the seller of the Countrywide Mortgage Loans to the Depositor.

Countrywide Mortgage Loans: The Mortgage Loans identified as such on the Mortgage Loan Schedule for which Countrywide is the applicable Seller.

Countrywide Servicing: Countrywide Home Loans Servicing LP, a Texas limited partnership and its successors and assigns.

Covered Certificates: Not applicable.

Cut-off Date: In the case of any Initial Mortgage Loan, the Initial Cut-off Date, and in the case of any Supplemental Mortgage Loan, the related Supplemental Cut-off Date.

Cut-off Date Pool Principal Balance: An amount equal to the sum of (x) the Initial Cut-off Date Pool Principal Balance plus (y) the amount, if any, deposited in the Pre-Funding Account on the Closing Date.

Cut-off Date Principal Balance: As to any Mortgage Loan, the Stated Principal Balance thereof as of the close of business on the applicable Cut-off Date.

Debt Service Reduction: With respect to any Mortgage Loan, a reduction by a court of competent jurisdiction in a proceeding under the Bankruptcy Code in the Scheduled Payment for such Mortgage Loan that became final and non-appealable, except such a reduction resulting from a Deficient Valuation or any reduction that results in a permanent forgiveness of principal.

Defective Mortgage Loan: Any Mortgage Loan that is required to be repurchased pursuant to Section 2.02 or 2.03.

Deferred Interest: With respect to each Mortgage Loan and Due Period, the amount of interest accrued on such Mortgage Loan at the applicable Mortgage Rate from the Due Date in the preceding Due Period to the Due Date in such Due Period that is greater than the Scheduled Payment due on such Mortgage Loan for such Due Period and that is added to the principal balance of such Mortgage Loan in accordance with the terms of the related Mortgage Note.

Deficiency Amount: With respect to each Distribution Date prior to the Last Scheduled Distribution Date for the Class A-3A Certificates, amount equal to the sum of (i) the excess, if any, of (a) the amount of current interest on the Class A-3A Certificates net of any interest shortfalls resulting from Prepayment Interest Shortfalls and any interest shortfalls resulting from the application of the Relief Act, or similar state or local laws, Carryover Shortfall Amounts, Net Interest Shortfalls, Net Deferred Interest and Debt Service Reductions over (b) the Class A-3A Available Funds for that Distribution Date, and (ii) the amount of any Realized Losses allocated to the Class A-3A Certificates on such Distribution Date (after giving effect to all distributions to be made on such Distribution Date (other than pursuant to the Class A-3A Policy)). With respect to the Last Scheduled Distribution Date for the Class A-3A Certificates, an amount equal to the sum of (i) the amount set forth in clause (i) above and (ii) the Class Certificate Balance of the Class A-3A Certificates on the Last Scheduled Distribution Date for the Class A-3A Certificates (after taking into account all distributions of Class A-3A Available Funds to be made to the Class A-3A Certificates on such Distribution Date).

Deficient Valuation: With respect to any Mortgage Loan, a valuation by a court of competent jurisdiction of the Mortgaged Property in an amount less than the then-outstanding indebtedness under the Mortgage Loan, or any reduction in the amount of principal to be paid in connection with any Scheduled Payment that results in a permanent forgiveness of principal, which valuation or reduction results from an order of such court which is final and non-appealable in a proceeding under the Bankruptcy Code.

Definitive Certificates: Any Certificate evidenced by a Physical Certificate and any Certificate issued in lieu of a Book-Entry Certificate pursuant to Section 5.02(e).

Delay Certificates: As specified in the Preliminary Statement.

Delay Delivery Certification: As defined in Section 2.02(a).

Delay Delivery Mortgage Loans: The Mortgage Loans for which all or a portion of a related Mortgage File is not delivered to the Trustee on the Closing Date or Supplemental

Transfer Date, as applicable. The number of Delay Delivery Mortgage Loans shall not exceed 50% of the aggregate number of Initial Mortgage Loans as of the Closing Date and 90% of the Supplemental Mortgage Loans conveyed on a Supplemental Transfer Date. To the extent that Countrywide Servicing shall be in possession of any Mortgage Files with respect to any Delay Delivery Mortgage Loan, until delivery of such Mortgage File to the Trustee as provided in Section 2.01, Countrywide Servicing shall hold such files as Master Servicer hereunder, as agent and in trust for the Trustee.

Deleted Mortgage Loan: As defined in Section 2.03(c).

Denomination: With respect to each Certificate, the amount set forth on the face of that Certificate as the "Initial Certificate Balance of this Certificate" or the "Initial Notional Amount of this Certificate" or, if neither of the foregoing, the Percentage Interest appearing on the face of that Certificate.

Depositor: CWALT, Inc., a Delaware corporation, or its successor in interest.

Depository: The initial Depository shall be The Depository Trust Company, the nominee of which is CEDE & Co., as the registered Holder of the Book-Entry Certificates. The Depository shall at all times be a "clearing corporation" as defined in Section 8-102(a)(5) of the Uniform Commercial Code of the State of New York.

Depository Participant: A broker, dealer, bank or other financial institution or other Person for whom from time to time a Depository effects book-entry transfers and pledges of securities deposited with the Depository.

Determination Date: As to any Distribution Date, the 15th day of each month or, if such 15th day is not a Business Day, the preceding Business Day; provided, however, that if such 15th day or such Business Day, whichever is applicable, is less than two Business Days prior to the related Distribution Date, the Determination Date shall be the first Business Day that is two Business Days preceding such Distribution Date.

Distribution Account: The separate Eligible Account created and maintained by the Trustee pursuant to Section 3.05(d) in the name of the Trustee for the benefit of the Certificateholders and designated "The Bank of New York in trust for registered holders of Alternative Loan Trust 2006-OA19 Mortgage Pass-Through Certificates, Series 2006-OA19." Funds in the Distribution Account shall be held in trust for the Certificateholders for the uses and purposes set forth in this Agreement.

Distribution Account Deposit Date: As to any Distribution Date, 12:30 p.m. Pacific time on the Business Day immediately preceding such Distribution Date.

Distribution Date: The 20th day of each calendar month after the initial issuance of the Certificates, or if such 20th day is not a Business Day, the next succeeding Business Day commencing in December 2006.

Due Date: With respect to a Mortgage Loan, the date on which the Scheduled Payments are due on that Mortgage Loan. With respect to any Distribution Date, the first day of the month in which that Distribution Date occurs.

Due Period: With respect to any Distribution Date, the period beginning on the second day of the calendar month preceding the month in which such Distribution Date occurs and ending on the first day of the calendar month in which such Distribution Date occurs.

EDGAR: The Commission's Electronic Data Gathering, Analysis and Retrieval system.

Eligible Account: Any of (i) an account or accounts maintained with a federal or state chartered depository institution or trust company the short-term unsecured debt obligations of which (or, in the case of a depository institution or trust company that is the principal subsidiary of a holding company, the debt obligations of such holding company) have the highest short-term ratings of Moody's or Fitch and one of the two highest short-term ratings of S&P, if S&P is a Rating Agency at the time any amounts are held on deposit therein, or (ii) an account or accounts in a depository institution or trust company in which such accounts are insured by the FDIC (to the limits established by the FDIC) and the uninsured deposits in which accounts are otherwise secured such that, as evidenced by an Opinion of Counsel delivered to the Trustee and to each Rating Agency, the Certificateholders have a claim with respect to the funds in such account or a perfected first priority security interest against any collateral (which shall be limited to Permitted Investments) securing such funds that is superior to claims of any other depositors or creditors of the depository institution or trust company in which such account is maintained, or (iii) a trust account or accounts maintained with (a) the trust department of a federal or state chartered depository institution or (b) a trust company, acting in its fiduciary capacity or (iv) any other account acceptable to each Rating Agency. Eligible Accounts may bear interest, and may include, if otherwise qualified under this definition, accounts maintained with the Trustee.

Eligible EPD Protected Mortgage Loan: A Mortgage Loan that (i) was originated not more than one year prior to the Closing Date or the related Supplemental Transfer Date, as applicable, (ii) was purchased by a Seller or one of its affiliates pursuant to a purchase agreement containing provisions under which the seller thereunder has become obligated to repurchase such Mortgage Loan from Countrywide due to a Scheduled Payment due on or prior to the first Scheduled Payment owing to the Trust Fund becoming delinquent and (iii) was not purchased through Countrywide Home Loan Inc.'s Correspondent Lending Division.

Eligible Repurchase Month: As defined in Section 3.11.

ERISA: The Employee Retirement Income Security Act of 1974, as amended.

ERISA-Qualifying Underwriting: A best efforts or firm commitment underwriting or private placement that meets the requirements of an Underwriter's Exemption.

ERISA-Restricted Certificate: As specified in the Preliminary Statement.

Escrow Account: The Eligible Account or Accounts established and maintained pursuant to Section 3.06(a).

Event of Default: As defined in Section 7.01.

Excess Proceeds: With respect to any Liquidated Mortgage Loan, the amount, if any, by which the sum of any Liquidation Proceeds received with respect to such Mortgage Loan during the calendar month in which such Mortgage Loan became a Liquidated Mortgage Loan plus any Subsequent Recoveries received with respect to such Mortgage Loan, net of any amounts previously reimbursed to the Master Servicer as Nonrecoverable Advance(s) with respect to such Mortgage Loan pursuant to Section 3.08(a)(iii), exceeds (i) the unpaid principal balance of such Liquidated Mortgage Loan as of the Due Date in the month in which such Mortgage Loan became a Liquidated Mortgage Loan plus (ii) accrued interest at the Mortgage Rate from the Due Date as to which interest was last paid or advanced (and not reimbursed) to Certificateholders up to the Due Date applicable to the Distribution Date immediately following the calendar month during which such liquidation occurred.

Exchange Act: The Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

Exchange Act Reports: Any reports on Form 10-D, Form 8-K and Form 10-K required to be filed by the Depositor with respect to the Trust Fund under the Exchange Act.

Expense Fee: As to each Mortgage Loan and any Distribution Date, the product of the Expense Fee Rate and its Stated Principal Balance as of that Distribution Date.

Expense Fee Rate: As to each Mortgage Loan and any date of determination, the sum of (a) the related Master Servicing Fee Rate, (b) the Trustee Fee Rate and (c) the per annum rate of the related lender paid mortgage insurance premium, if any.

FDIC: The Federal Deposit Insurance Corporation, or any successor thereto.

FHLMC: The Federal Home Loan Mortgage Corporation, a corporate instrumentality of the United States created and existing under Title III of the Emergency Home Finance Act of 1970, as amended, or any successor to the Federal Home Loan Mortgage Corporation.

Final Certification: As defined in Section 2.02(a).

FIRREA: The Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

Fitch: Fitch, Inc., or any successor thereto. If Fitch is designated as a Rating Agency in the Preliminary Statement, for purposes of Section 10.05(b) the address for notices to Fitch shall be Fitch, Inc., One State Street Plaza, New York, New York 10004, Attention: Residential Mortgage Surveillance Group, or such other address as Fitch may hereafter furnish to the Depositor and the Master Servicer.

FNMA: The Federal National Mortgage Association, a federally chartered and privately owned corporation organized and existing under the Federal National Mortgage Association Charter Act, or any successor to the Federal National Mortgage Association.

Form 10-D Disclosure Item: With respect to any Person, any material litigation or governmental proceedings pending (a) against such Person, or (b) against any of the Trust Fund,

the Depositor, the Trustee, any co-trustee, the Master Servicer or any Subservicer, if such Person has actual knowledge thereof.

Form 10-K Disclosure Item: With respect to any Person, (a) any Form 10-D Disclosure Item, and (b) any affiliations or relationships between such Person and any Item 1119 Party.

Funding Period: The period from the Closing Date until the earliest of (i) the date on which the amount on deposit in the Pre-Funding Account is less than \$150,000, or (ii) December 29, 2006.

Funding Period Distribution Date: Each Distribution Date during the Funding Period and, if the Funding Period ends after the Distribution Date in a month, the immediately succeeding Distribution Date.

Gross Margin: With respect to each Mortgage Loan, the fixed percentage set forth in the related Mortgage Note that is added to the Mortgage Index on each Adjustment Date in accordance with the terms of the related Mortgage Note used to determine the Mortgage Rate for such Mortgage Loan.

Indirect Participant: A broker, dealer, bank or other financial institution or other Person that clears through or maintains a custodial relationship with a Depository Participant.

Initial Certification: As defined in Section 2.02(a).

Initial Cut-off Date: With respect to any Initial Mortgage Loan, the later of (i) the date of origination of such Mortgage Loan and (ii) November 1, 2006.

Initial Cut-off Date Pool Principal Balance: \$921,320,354.

Initial Mortgage Loan: A Mortgage Loan conveyed to the Trust Fund on the Closing Date pursuant to this Agreement as identified on the Mortgage Loan Schedule delivered to the Trustee on the Closing Date.

Insurance Policy: With respect to any Mortgage Loan included in the Trust Fund, any insurance policy, including all riders and endorsements thereto in effect, including any replacement policy or policies for any Insurance Policies.

Insurance Proceeds: Proceeds paid by an insurer pursuant to any Insurance Policy, in each case other than any amount included in such Insurance Proceeds in respect of Insured Expenses.

Insured Amounts: With respect to any Distribution Date and the Class A-3A Certificates, the Deficiency Amount for such Distribution Date.

Insured Certificates: The Class A-3A Certificates.

Insured Expenses: Expenses covered by an Insurance Policy or any other insurance policy with respect to the Mortgage Loans.

Interest Accrual Period: With respect to any Delay Certificates and any Distribution Date, the calendar month prior to the month of such Distribution Date. With respect to any Non-Delay Certificates and any Distribution Date, the period commencing on the Distribution Date in the month preceding the month in which such Distribution Date occurs (other than the first Distribution Date, for which it is the Closing Date) and ending on the day immediately preceding that Distribution Date. Interest on any Delay Certificates shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on any Non-Delay Certificates shall be calculated on the basis of a 360-day year and the actual number of days elapsed in the applicable Interest Accrual Period.

Interest Determination Date: With respect to the LIBOR Certificates, the second Business Day preceding the commencement of each Interest Accrual Period.

Item 1119 Party: The Depositor, any Seller, the Master Servicer, the Trustee, any Subservicer, any originator identified in the Prospectus Supplement and any other material transaction party, as identified in Exhibit T hereto, as updated pursuant to Section 11.04.

Last Scheduled Distribution Date: With respect to each Class of Certificates (other than the Class A-3A Certificates), the Distribution Date occurring in February 2047, which is the Distribution Date in month following the scheduled maturity date for the latest maturing Mortgage Loan. With respect to the Class A-3A Certificates and the Class A-3A Policy, the Distribution Date occurring in January 2048, which is the Distribution Date in thirteenth month following the scheduled maturity date for the latest maturing Mortgage Loan.

Latest Possible Maturity Date: The Distribution Date following the third anniversary of the scheduled maturity date of the Mortgage Loan having the latest scheduled maturity date as of the Cut-off Date.

Lender PMI Mortgage Loan: Certain Mortgage Loans as to which the lender (rather than the Mortgagor) acquires the Primary Insurance Policy and charges the related Mortgagor an interest premium.

LIBOR: The London interbank offered rate for one-month United States dollar deposits calculated in the manner described in Section 4.08.

LIBOR Certificates: As specified in the Preliminary Statement.

Limited Exchange Act Reporting Obligations: The obligations of the Master Servicer under Section 3.16(b), Section 6.02 and Section 6.04 with respect to notice and information to be provided to the Depositor and Article XI (except Section 11.07(a)(1) and (2)).

Liquidated Mortgage Loan: With respect to any Distribution Date, a defaulted Mortgage Loan (including any REO Property) that was liquidated in the calendar month preceding the month of such Distribution Date and as to which the Master Servicer has determined (in accordance with this Agreement) that it has received all amounts it expects to receive in connection with the liquidation of such Mortgage Loan, including the final disposition of an REO Property.

Liquidation Proceeds: Amounts, including Insurance Proceeds, received in connection with the partial or complete liquidation of defaulted Mortgage Loans, whether through trustee's sale, foreclosure sale or otherwise or amounts received in connection with any condemnation or partial release of a Mortgaged Property and any other proceeds received in connection with an REO Property, less the sum of related unreimbursed Master Servicing Fees, Servicing Advances and Advances.

Loan-to-Value Ratio: With respect to any Mortgage Loan and as to any date of determination, the fraction (expressed as a percentage) the numerator of which is the principal balance of the related Mortgage Loan at that date of determination and the denominator of which is the Appraised Value of the related Mortgaged Property.

Lost Mortgage Note: Any Mortgage Note the original of which was permanently lost or destroyed and has not been replaced.

Lower Tier REMIC: As described in the Preliminary Statement.

Lower Tier REMIC Regular Interest: As described in the Preliminary Statement.

Maintenance: With respect to any Cooperative Unit, the rent paid by the Mortgagor to the Cooperative Corporation pursuant to the Proprietary Lease.

Majority in Interest: As to any Class of Regular Certificates, the Holders of Certificates of such Class evidencing, in the aggregate, at least 51% of the Percentage Interests evidenced by all Certificates of such Class.

Master REMIC: As described in the Preliminary Statement.

Master Servicer: Countrywide Servicing, a Texas limited partnership, and its successors and assigns, in its capacity as master servicer hereunder and, if a successor master servicer is appointed under this Agreement, such successor.

Master Servicer Advance Date: As to any Distribution Date, 12:30 p.m. Pacific time on the Business Day immediately preceding such Distribution Date.

Master Servicer Prepayment Charge Payment Amount: The amounts (i) payable by the Master Servicer in respect of any Prepayment Charges waived other than in accordance with the standard set forth in the first sentence of Section 3.20(a), or (ii) collected from Countrywide in respect of a remedy for the breach of the representation made by Countrywide set forth in Section 3.20(c).

Master Servicing Fee: As to each Mortgage Loan and any Distribution Date, an amount payable out of each full payment of interest received on such Mortgage Loan and equal to one-twelfth of the Master Servicing Fee Rate multiplied by the Stated Principal Balance of such Mortgage Loan as of the Due Date in the month of such Distribution Date (prior to giving effect to any Scheduled Payments due on such Mortgage Loan on such Due Date), subject to reduction as provided in Section 3.14.

Master Servicing Fee Rate: With respect to each Mortgage Loan, the rate set forth in the Mortgage Loan Schedule for such Mortgage Loan.

Maximum Mortgage Rate: With respect to each Mortgage Loan, the percentage set forth in the related Mortgage Note as the maximum Mortgage Rate thereunder.

Maximum Negative Amortization: With respect to each Mortgage Loan, the percentage set forth in the related Mortgage Note as the percentage of the original principal balance of Mortgage Note, that if exceeded due to Deferred Interest, will result in a recalculation of the Scheduled Payment so that the then unpaid principal balance of the Mortgage Note will be fully amortized over the Mortgage Loan's remaining term to maturity.

MERS: Mortgage Electronic Registration Systems, Inc., a corporation organized and existing under the laws of the State of Delaware, or any successor to Mortgage Electronic Registration Systems, Inc.

MERS Mortgage Loan: Any Mortgage Loan registered with MERS on the MERS® System.

MERS® System: The system of recording transfers of mortgages electronically maintained by MERS.

MIN: The Mortgage Identification Number for any MERS Mortgage Loan.

Minimum Mortgage Rate: With respect to each Mortgage Loan, the greater of (a) the Gross Margin set forth in the related Mortgage Note and (b) the percentage set forth in the related Mortgage Note as the minimum Mortgage Rate thereunder.

MOM Loan: Any Mortgage Loan as to which MERS is acting as mortgagee, solely as nominee for the originator of such Mortgage Loan and its successors and assigns.

Monthly Statement: The statement delivered to the Certificateholders pursuant to Section 4.06.

Moody's: Moody's Investors Service, Inc., or any successor thereto. If Moody's is designated as a Rating Agency in the Preliminary Statement, for purposes of Section 10.05(b) the address for notices to Moody's shall be Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007, Attention: Residential Pass-Through Monitoring, or such other address as Moody's may hereafter furnish to the Depositor or the Master Servicer.

Mortgage: The mortgage, deed of trust or other instrument creating a first lien on an estate in fee simple or leasehold interest in real property securing a Mortgage Note.

Mortgage File: The mortgage documents listed in Section 2.01 pertaining to a particular Mortgage Loan and any additional documents delivered to the Trustee to be added to the Mortgage File pursuant to this Agreement.

Mortgage Index: As to each Mortgage Loan, the index from time to time in effect for adjustment of the Mortgage Rate as set forth as such on the related Mortgage Note.

Mortgage Loan Schedule: The list of Mortgage Loans (as from time to time amended by the Master Servicer to reflect the addition of Substitute Mortgage Loans, the addition of any Supplemental Mortgage Loans pursuant to the provisions of this Agreement and any Supplemental Transfer Agreement and the deletion of Deleted Mortgage Loans pursuant to the provisions of this Agreement) transferred to the Trustee as part of the Trust Fund and from time to time subject to this Agreement, attached to this Agreement as Schedule I, setting forth the following information with respect to each Mortgage Loan:

- (i) the loan number;
- (ii) the Mortgagor's name and the street address of the Mortgaged Property, including the ZIP code;
- (iii) the maturity date;
- (iv) the original principal balance;
- (v) the Cut-off Date Principal Balance;
- (vi) the first payment date of the Mortgage Loan;
- (vii) the Scheduled Payment in effect as of the Cut-off Date;
- (viii) the Loan-to-Value Ratio at origination;
- (ix) a code indicating whether the residential dwelling at the time of origination was represented to be owner-occupied;
- (x) a code indicating whether the residential dwelling is either (a) a detached or attached single family dwelling, (b) a dwelling in a de minimis PUD, (c) a condominium unit or PUD (other than a de minimis PUD), (d) a two- to four-unit residential property or (e) a Cooperative Unit;
- (xi) the Mortgage Rate in effect as of the Cut-off Date;
- (xii) the Master Servicing Fee Rate;
- (xiii) a code indicating whether the Mortgage Loan is a Lender PMI Mortgage Loan and, in the case of any Lender PMI Mortgage Loan, a percentage representing the amount of the related interest premium charged to the borrower;
- (xiv) the purpose for the Mortgage Loan;
- (xv) the type of documentation program pursuant to which the Mortgage Loan was originated;
- (xvi) a code indicating whether the Mortgage Loan is a Countrywide Mortgage Loan, a Park Granada Mortgage Loan, a Park Monaco Mortgage Loan or a Park Sienna Mortgage Loan;

(xvii) a code indicating whether the Mortgage Loan is a MERS Mortgage Loan; and

(xviii) with respect to each Mortgage Loan, the Gross Margin, the Mortgage Index, the Maximum Mortgage Rate, the Minimum Mortgage Rate, the Payment Adjustment Date, the Maximum Negative Amortization and the first Adjustment Date, as applicable.

Such schedule shall also set forth the total of the amounts described under (iv) and (v) above for all of the Mortgage Loans. Countrywide shall update the Mortgage Loan Schedule in connection with each Supplemental Transfer Agreement within a reasonable period of time after delivery to it of the Schedule of Supplemental Mortgage Loans attached to the related Supplemental Transfer Agreement as Schedule A thereto.

Mortgage Loans: Such of the mortgage loans transferred and assigned to the Trustee pursuant to the provisions of this Agreement as from time to time are held as a part of the Trust Fund (including any REO Property), the mortgage loans so held being identified in the Mortgage Loan Schedule, notwithstanding foreclosure or other acquisition of title of the related Mortgaged Property.

Mortgage Note: The original executed note or other evidence of indebtedness evidencing the indebtedness of a Mortgagor under a Mortgage Loan.

Mortgage Rate: The annual rate of interest borne by a Mortgage Note from time to time, net of any interest premium charged by the mortgagee to obtain or maintain any Primary Insurance Policy.

Mortgaged Property: The underlying property securing a Mortgage Loan, which, with respect to a Cooperative Loan, is the related Coop Shares and Proprietary Lease.

Mortgagor: The obligor(s) on a Mortgage Note.

MTA: The twelve-month average monthly yield on U.S. Treasury Securities adjusted to a constant maturity of one-year, as published by the Federal Reserve Board in the Federal Reserve Statistical Release "Selected Interest Rates (H.15)".

MTA Certificates: None.

National Cost of Funds Index: The National Monthly Median Cost of Funds Ratio to SAIF-Insured Institutions published by the Office of Thrift Supervision.

Net Deferred Interest: With respect to each Distribution Date, an amount equal to the excess, if any, of the Deferred Interest that accrued on the Mortgage Loans from the preceding Due Date to the Due Date related to that Distribution Date over the Principal Prepayment Amount for that Distribution Date.

Net Prepayment Interest Shortfalls: As to any Distribution Date, the amount by which the aggregate of the Prepayment Interest Shortfalls for such Distribution Date exceeds the Compensating Interest for such Distribution Date.

Net Prepayments: As to any Distribution Date, the amount equal to the excess, if any, of (i) the Principal Prepayment Amount for that Distribution Date over (ii) the aggregate amount of Deferred Interest accrued on the Mortgage Loans from the preceding Due Date to the Due Date related to that Distribution Date.

Net Rate Cap: As to any Distribution Date,

(a) for any Class of LIBOR Certificates (other than the Class A-3A Certificates), is a per annum rate (subject to adjustment based on the actual number of days elapsed in the related Interest Accrual Period) equal to a fraction, expressed as a percentage, (1) the numerator of which is equal to the product of (A) 12 and (B) the sum of (i) the amount of interest which accrued on the Mortgage Loans in the prior calendar month (after giving effect to Principal Prepayments) at their Adjusted Net Mortgage Rates and (ii) any amounts withdrawn from the Capitalized Interest Account for such Distribution Date and (2) the denominator of which is equal to the sum of (A) the aggregate Stated Principal Balance of the Mortgage Loans as of the first day of the related Due Period, after giving effect to Principal Prepayments received during the related Prepayment Period and (B) any amounts on deposit in the Pre-funding Account;

(b) for the Class A-3A Certificates, is the per annum rate calculated in clause (i) above, minus the Class A-3A Premium Rate.

Non-Delay Certificates: As specified in the Preliminary Statement.

Nonrecoverable Advance: Any portion of an Advance previously made or proposed to be made by the Master Servicer that, in the good faith judgment of the Master Servicer, will not be ultimately recoverable by the Master Servicer from the related Mortgagor, related Liquidation Proceeds or otherwise.

Notice of Final Distribution: The notice to be provided pursuant to Section 9.02 to the effect that final distribution on any of the Certificates shall be made only upon presentation and surrender thereof.

Notional Amount: With respect to the Class X-P Certificates, an amount equal to the aggregate Component Notional Amount of its IO Components.

Notional Amount Certificates: Not applicable.

Offered Certificates: As specified in the Preliminary Statement.

Officer's Certificate: A certificate (i) in the case of the Depositor, signed by the Chairman of the Board, the Vice Chairman of the Board, the President, a Managing Director, a Vice President (however denominated), an Assistant Vice President, the Treasurer, the Secretary, or one of the Assistant Treasurers or Assistant Secretaries of the Depositor, (ii) in the case of the Master Servicer, signed by the President, an Executive Vice President, a Vice President, an Assistant Vice President, the Treasurer, or one of the Assistant Treasurers or Assistant Secretaries of Countrywide GP, Inc. (its general partner), (iii) if provided for in this Agreement, signed by a Servicing Officer, as the case may be, and delivered to the Depositor and the Trustee,

as the case may be, as required by this Agreement or (iv) in the case of any other Person, signed by an authorized officer of such Person.

Opinion of Counsel: A written opinion of counsel, who may be counsel for the Depositor, any Seller or the Master Servicer, including in-house counsel, reasonably acceptable to the Trustee; provided, however, that with respect to the interpretation or application of the REMIC Provisions, such counsel must (i) in fact be independent of the Depositor, any Seller and the Master Servicer, (ii) not have any direct financial interest in the Depositor, any Seller or the Master Servicer or in any affiliate thereof, and (iii) not be connected with the Depositor, any Seller or the Master Servicer as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

Optional Termination: The termination of the trust created under this Agreement in connection with the purchase of the Mortgage Loans pursuant to Section 9.01.

Optional Termination Date: The Distribution Date on which the Pool Stated Principal Balance is less than or equal to 5% of the Cut-off Date Pool Principal Balance of the Mortgage Loans.

Original Applicable Credit Support Percentage: With respect to each of the following Classes of Subordinated Certificates, the corresponding percentage described below, as of the Closing Date:

<u>Subordinated Certificates</u>	
Class M-1	11.50%
Class M-2	9.25%
Class M-3	7.25%
Class M-4	6.50%
Class M-5	5.75%
Class M-6	5.00%
Class M-7	4.50%
Class M-8	4.00%
Class M-9	3.50%
Class M-10	3.00%
Class B-1	2.10%
Class B-2	1.40%
Class B-3	0.90%

Original Mortgage Loan: The mortgage loan refinanced in connection with the origination of a Refinancing Mortgage Loan.

Original Subordinate Principal Balance: The aggregate Class Certificate Balance of the Subordinated Certificates as of the Closing Date.

OTS: The Office of Thrift Supervision.

Outstanding: With respect to the Certificates as of any date of determination, all Certificates theretofore executed and authenticated under this Agreement except:

(i) Certificates theretofore canceled by the Trustee or delivered to the Trustee for cancellation; and

(ii) Certificates in exchange for which or in lieu of which other Certificates have been executed and delivered by the Trustee pursuant to this Agreement.

Outstanding Mortgage Loan: As of any Due Date, a Mortgage Loan with a Stated Principal Balance greater than zero, which was not the subject of a Principal Prepayment in Full prior to such Due Date or during the Prepayment Period related to such Due Date and which did not become a Liquidated Mortgage Loan prior to such Due Date.

Ownership Interest: As to any Residual Certificate, any ownership interest in such Certificate including any interest in such Certificate as the Holder thereof and any other interest therein, whether direct or indirect, legal or beneficial.

Park Granada: Park Granada LLC, a Delaware limited liability company, and its successors and assigns, in its capacity as the seller of the Park Granada Mortgage Loans to the Depositor.

Park Granada Mortgage Loans: The Mortgage Loans identified as such on the Mortgage Loan Schedule for which Park Granada is the applicable Seller.

Park Monaco: Park Monaco Inc., a Delaware corporation, and its successors and assigns, in its capacity as the seller of the Park Monaco Mortgage Loans to the Depositor.

Park Monaco Mortgage Loans: The Mortgage Loans identified as such on the Mortgage Loan Schedule for which Park Monaco is the applicable Seller.

Park Sienna: Park Sienna LLC, a Delaware limited liability company, and its successors and assigns, in its capacity as the seller of the Park Sienna Mortgage Loans to the Depositor.

Park Sienna Mortgage Loans: The Mortgage Loans identified as such on the Mortgage Loan Schedule for which Park Sienna is the applicable Seller.

Pass-Through Margin: With respect to the Interest Accrual Period for any Distribution Date and each Class of LIBOR Certificates, the per annum rate indicated in the following table:

<u>Class</u>	<u>Pass-Through Margin (1)</u>	<u>Pass-Through Margin (2)</u>
Class A-1	0.180%	0.360%
Class A-2	0.250%	0.500%
Class A-3A	0.190%	0.380%
Class A-3B	0.270%	0.540%
Class A-4	0.210%	0.420%
Class A-5	0.240%	0.480%
Class M-1	0.410%	0.615%
Class M-2	0.440%	0.660%
Class M-3	0.470%	0.705%
Class M-4	0.650%	0.975%
Class M-5	0.700%	1.050%
Class M-6	0.750%	1.125%
Class M-7	1.500%	2.250%
Class M-8	1.750%	2.625%
Class M-9	1.750%	2.625%
Class M-10	1.750%	2.625%
Class B-1	1.750%	1.750%
Class B-2	1.750%	1.750%
Class B-3	1.750%	1.750%

- (1) For the Interest Accrual Period related to any Distribution Date occurring on or prior to the first possible Optional Termination Date.
- (2) For each other Interest Accrual Period.

Pass-Through Rate: For any interest-bearing Class of Certificates or Component, the per annum rate set forth or calculated in the manner described in the Preliminary Statement.

Payment Adjustment Date: For each Mortgage Loan, the date specified in the related Mortgage Note as the annual date on which the related Scheduled Payment will be adjusted.

Percentage Interest: The percentage interest evidenced thereby in distributions required to be made on the related Class, such percentage interest being set forth on the face thereof or equal to the percentage obtained by dividing the Denomination of such Certificate by the aggregate of the Denominations of all Certificates of the same Class.

Performance Certification: As defined in Section 11.05.

Permitted Investments: At any time, any one or more of the following obligations and securities:

- (i) obligations of 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 any state of the United States or the District of Columbia receiving the highest long-term debt rating of each Rating Agency, or such lower rating as will not result in the downgrading or

withdrawal of the ratings then assigned to the Certificates by each Rating Agency (without regard to the Class A-3A Policy);

(iii) commercial or finance company paper which is then receiving the highest commercial or finance company paper rating of each Rating Agency, or such lower rating as will not result in the downgrading or withdrawal of the ratings then assigned to the Certificates by each Rating Agency (without regard to the Class A-3A Policy);

(iv) certificates of deposit, demand or time deposits, or bankers' acceptances issued by any depository institution or trust company incorporated under the laws of the United States or of any state thereof and subject to supervision and examination by federal and/or state banking authorities, provided that the commercial paper and/or long term unsecured debt obligations of such depository institution or trust company (or in the case of the principal depository institution in a holding company system, the commercial paper or long-term unsecured debt obligations of such holding company, but only if Moody's is not a Rating Agency) are then rated one of the two highest long-term and the highest short-term ratings of each Rating Agency for such securities, or such lower ratings as will not result in the downgrading or withdrawal of the rating then assigned to the Certificates by either Rating Agency (without regard to the Class A-3A Policy);

(v) repurchase obligations with respect to any security described in clauses (i) and (ii) above, in either case entered into with a depository institution or trust company (acting as principal) described in clause (iv) above;

(vi) units of a taxable money-market portfolio having the highest rating assigned by each Rating Agency (except if Fitch is a Rating Agency and has not rated the portfolio, the highest rating assigned by Moody's) and restricted to obligations issued or guaranteed by the United States of America or entities whose obligations are backed by the full faith and credit of the United States of America and repurchase agreements collateralized by such obligations; and

(vii) such other relatively risk free investments bearing interest or sold at a discount acceptable to each Rating Agency as will not result in the downgrading or withdrawal of the rating then assigned to the Certificates by either Rating Agency (without regard to the Class A-3A Policy), as evidenced by a signed writing delivered by each Rating Agency

provided, that no such instrument shall be a Permitted Investment if such instrument evidences the right to receive interest only payments with respect to the obligations underlying such instrument.

Permitted Transferee: Any person other than (i) the United States, any State or political subdivision thereof, or any agency or instrumentality of any of the foregoing, (ii) a foreign government, International Organization or any agency or instrumentality of either of the foregoing, (iii) an organization (except certain farmers' cooperatives described in section 521 of

the Code) which is exempt from tax imposed by Chapter 1 of the Code (including the tax imposed by section 511 of the Code on unrelated business taxable income) on any excess inclusions (as defined in section 860E(c)(1) of the Code) with respect to any Residual Certificate, (iv) rural electric and telephone cooperatives described in section 1381(a)(2)(C) of the Code, (v) an "electing large partnership" as defined in section 775 of the Code, (vi) a Person that is not a citizen or resident of the United States, a corporation, partnership, or other entity created or organized in or under the laws of the United States, any state thereof or the District of Columbia, or an estate or trust whose income from sources without the United States is includible in gross income for United States federal income tax purposes regardless of its connection with the conduct of a trade or business within the United States or a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust unless such Person has furnished the transferor and the Trustee with a duly completed Internal Revenue Service Form W-8ECI or any applicable successor form, and (vii) any other Person so designated by the Depositor based upon an Opinion of Counsel that the Transfer of an Ownership Interest in a Residual Certificate to such Person may cause any REMIC created under this Agreement to fail to qualify as a REMIC at any time that the Certificates are outstanding. The terms "United States," "State" and "International Organization" shall have the meanings set forth in section 7701 of the Code or successor provisions. A corporation will not be treated as an instrumentality of the United States or of any State or political subdivision thereof for these purposes if all of its activities are subject to tax and, with the exception of the Federal Home Loan Mortgage Corporation, a majority of its board of directors is not selected by such government unit.

Person: Any individual, corporation, partnership, joint venture, association, limited liability company, joint-stock company, trust, unincorporated organization or government, or any agency or political subdivision thereof.

Physical Certificate: As specified in the Preliminary Statement.

Planned Balance: With respect to any Planned Principal Class or Component and any Distribution Date appearing in Schedule V, the amount appearing opposite such Distribution Date for such Class or Component.

Planned Principal Classes: As specified in the Preliminary Statement.

Planned Principal Components: As specified in the Preliminary Statement.

Pool Stated Principal Balance: As to any Distribution Date, the aggregate of the Stated Principal Balances of the Mortgage Loans that were Outstanding Mortgage Loans on the Due Date in the month preceding the month of such Distribution Date and, as to any other date of determination, the aggregate of the Stated Principal Balances of the Outstanding Mortgage Loans as of such date plus the amount on deposit in the Pre-Funding Account, exclusive of any investment income included therein.

Pre-Funded Amount: The amount deposited in the Pre-Funding Account on the Closing Date, which shall equal \$303,679,646.

Pre-Funding Account: The separate Eligible Account created and maintained by the Trustee pursuant to Section 3.05 in the name of the Trustee for the benefit of the Certificateholders and designated "The Bank of New York, in trust for registered holders of Alternative Loan Trust 2006-OA19, Mortgage Pass-Through Certificates, Series 2006-OA19." Funds in the Pre-Funding Account shall be held in trust for the Certificateholders for the uses and purposes set forth in this Agreement and shall not be a part of any REMIC created hereunder; provided, however, that any investment income earned from Permitted Investments made with funds in the Pre-Funding Account shall be for the account of the Depositor.

Prepayment Charge: With respect to any Mortgage Loan, the charges or premiums, if any, due in connection with a full or partial prepayment of such Mortgage Loan within the related Prepayment Charge Period in accordance with the terms thereof (other than any Master Servicer Prepayment Charge Payment Amount).

Prepayment Charge Period: With respect to any Mortgage Loan, the period of time during which a Prepayment Charge may be imposed.

Prepayment Charge Schedule: As of the Cut-off Date with respect to each Mortgage Loan, a list attached hereto as Schedule I-A (including the prepayment charge summary attached thereto), setting forth the following information with respect to each Prepayment Charge:

- (i) the Mortgage Loan identifying number;
- (ii) a code indicating the type of Prepayment Charge;
- (iii) the state of origination of the related Mortgage Loan;
- (iv) the date on which the first monthly payment was due on the related Mortgage Loan;
- (v) the term of the related Prepayment Charge; and
- (vi) the principal balance of the related Mortgage Loan as of the Cut-off Date.

As of the Closing Date, the Prepayment Charge Schedule shall contain the necessary information for each Mortgage Loan. The Prepayment Charge Schedule shall be amended from time to time by the Master Servicer in accordance with the provisions of this Agreement and a copy of each related amendment shall be furnished by the Master Servicer to the Class X-P Certificateholders.

Prepayment Interest Shortfall: As to any Distribution Date, any Mortgage Loan and any Principal Prepayment received during the portion of the related Prepayment Period occurring in the calendar month preceding the month of such Distribution Date, the amount, if any, by which one month's interest at the related Adjusted Mortgage Rate on such Principal Prepayment exceeds the amount of interest paid in connection with such Principal Prepayment.

Prepayment Period: As to any Distribution Date and Mortgage Loan, the period beginning on the second day of the calendar month preceding the month in which such

Distribution Date occurs and ending on the first day of the calendar month in which such Distribution Date occurs.

Primary Insurance Policy: Each policy of primary mortgage guaranty insurance or any replacement policy therefor with respect to any Mortgage Loan.

Prime Rate: The prime commercial lending rate of The Bank of New York, as publicly announced to be in effect from time to time. The Prime Rate shall be adjusted automatically, without notice, on the effective date of any change in such prime commercial lending rate. The Prime Rate is not necessarily The Bank of New York's lowest rate of interest.

Principal Amount: As to any Distribution Date, the sum of (a) the principal portion of each Scheduled Payment (without giving effect to any reductions thereof caused by any Debt Service Reductions or Deficient Valuations) due on each Mortgage Loan (other than a Liquidated Mortgage Loan) during the related Due Period, (b) the principal portion of the Purchase Price of each Mortgage Loan that was repurchased by a Seller or purchased by the Master Servicer pursuant to this Agreement as of such Distribution Date, (c) the Substitution Adjustment Amount in connection with any Deleted Mortgage Loan received with respect to such Distribution Date, (d) any Insurance Proceeds or Liquidation Proceeds allocable to recoveries of principal of Mortgage Loans that are not yet Liquidated Mortgage Loans received during the calendar month preceding the month of such Distribution Date, (e) with respect to each Mortgage Loan that became a Liquidated Mortgage Loan during the calendar month preceding the month of such Distribution Date, the amount of the Net Liquidation Proceeds allocable to principal received during the calendar month preceding the month of such Distribution Date with respect to such Mortgage Loan and (f) the Net Prepayments for such Distribution Date.

Principal Prepayment: Any payment of principal by a Mortgagor on a Mortgage Loan that is received in advance of its scheduled Due Date and is not accompanied by an amount representing scheduled interest due on any date or dates in any month or months subsequent to the month of prepayment. Partial Principal Prepayments shall be applied by the Master Servicer in accordance with the terms of the related Mortgage Note.

Principal Prepayment Amount: As to any Distribution Date, an amount equal to the sum of all voluntary Principal Prepayments received during the related Prepayment Period and the amount of any Subsequent Recoveries received in the prior calendar month.

Principal Prepayment in Full: Any Principal Prepayment made by a Mortgagor of the entire principal balance of a Mortgage Loan.

Private Certificate: As specified in the Preliminary Statement.

Pro Rata Share: As to any Distribution Date, the Subordinated Principal Distribution Amount and any Class of Subordinated Certificates, the portion of the Subordinated Principal Distribution Amount allocable to such Class, equal to the product of the Subordinated Principal Distribution Amount on such Distribution Date and a fraction, the numerator of which is the related Class Certificate Balance thereof and the denominator of which is the aggregate of the Class Certificate Balances of the Subordinated Certificates.

Proprietary Lease: With respect to any Cooperative Unit, a lease or occupancy agreement between a Cooperative Corporation and a holder of related Coop Shares.

Prospectus: The prospectus dated November 14, 2006 generally relating to mortgage-pass through certificates to be sold by the Depositor.

Prospectus Supplement: The prospectus supplement dated November 29, 2006 relating to the Offered Certificates.

PUD: Planned Unit Development.

Purchase Price: With respect to any Mortgage Loan required to be purchased by a Seller pursuant to Section 2.02 or 2.03 of this Agreement or purchased at the option of the Master Servicer pursuant to Section 3.11, an amount equal to the sum of (i) 100% of the unpaid principal balance of the Mortgage Loan on the date of such purchase, (ii) accrued interest thereon at the applicable Mortgage Rate (or at the applicable Adjusted Mortgage Rate if (x) the purchaser is the Master Servicer or (y) if the purchaser is Countrywide and Countrywide is an affiliate of the Master Servicer) from the date through which interest was last paid by the Mortgagor to the Due Date in the month in which the Purchase Price is to be distributed to Certificateholders and (iii) costs and damages incurred by the Trust Fund in connection with a repurchase pursuant to Section 2.03 of this Agreement that arises out of a violation of any predatory or abusive lending law with respect to the related Mortgage Loan.

Qualified Insurer: A mortgage guaranty insurance company duly qualified as such under the laws of the state of its principal place of business and each state having jurisdiction over such insurer in connection with the insurance policy issued by such insurer, duly authorized and licensed in such states to transact a mortgage guaranty insurance business in such states and to write the insurance provided by the insurance policy issued by it, approved as a FNMA-approved mortgage insurer and having a claims paying ability rating of at least "AA" or equivalent rating by a nationally recognized statistical rating organization. Any replacement insurer with respect to a Mortgage Loan must have at least as high a claims paying ability rating as the insurer it replaces had on the Closing Date.

Rating Agency: Each of the Rating Agencies specified in the Preliminary Statement. If any such organization or a successor is no longer in existence, "Rating Agency" shall be such nationally recognized statistical rating organization, or other comparable Person identified as a "Rating Agency" under the Underwriter's Exemption, as is designated by the Depositor, notice of which designation shall be given to the Trustee. References in this Agreement to a given rating category of a Rating Agency shall mean such rating category without giving effect to any modifiers.

Realized Loss: With respect to each Liquidated Mortgage Loan, an amount (not less than zero or more than the Stated Principal Balance of the Mortgage Loan) as of the date of such liquidation, equal to (i) the Stated Principal Balance of the Liquidated Mortgage Loan as of the date of such liquidation, plus (ii) interest at the Adjusted Net Mortgage Rate from the Due Date as to which interest was last paid or advanced (and not reimbursed) to Certificateholders up to the Due Date in the month in which Liquidation Proceeds are required to be distributed on the Stated Principal Balance of such Liquidated Mortgage Loan from time to time, minus (iii) the

Liquidation Proceeds, if any, received during the month in which such liquidation occurred, to the extent applied as recoveries of interest at the Adjusted Net Mortgage Rate and to principal of the Liquidated Mortgage Loan. With respect to each Mortgage Loan that has become the subject of a Deficient Valuation, if the principal amount due under the related Mortgage Note has been reduced, the difference between the principal balance of the Mortgage Loan outstanding immediately prior to such Deficient Valuation and the principal balance of the Mortgage Loan as reduced by the Deficient Valuation.

To the extent the Master Servicer receives Subsequent Recoveries with respect to any Mortgage Loan, the amount of Realized Losses with respect to that Mortgage Loan will be reduced by the amount of those Subsequent Recoveries.

Recognition Agreement: With respect to any Cooperative Loan, an agreement between the Cooperative Corporation and the originator of such Mortgage Loan which establishes the rights of such originator in the Cooperative Property.

Record Date: With respect to any Distribution Date, (i) in the case of the LIBOR Certificates represented by Book-Entry Certificates, the Business Day immediately preceding such Distribution Date and (ii) in the case of LIBOR Certificates represented by Definitive Certificates and in the case of all other Certificates, the close of business on the last Business Day of the month preceding the month in which such Distribution Date occurs.

Reference Bank: As defined in Section 4.08(b).

Refinancing Mortgage Loan: Any Mortgage Loan originated in connection with the refinancing of an existing mortgage loan.

Regular Certificates: As specified in the Preliminary Statement.

Regulation AB: Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1123, as such may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission in the adopting release (Asset-Backed Securities, Securities Act Release No. 33-8518, 70 Fed. Reg. 1,506, 1,531 (Jan. 7, 2005)) or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

Reimbursement Amount: With respect to any Distribution Date, the aggregate amount actually paid by Ambac to the Trustee in respect of (i) Insured Amounts for a Distribution Date and (ii) Preference Amounts for any given Business Day.

Relief Act: The Servicemembers' Civil Relief Act.

Relief Act Reductions: With respect to any Distribution Date and any Mortgage Loan as to which there has been a reduction in the amount of interest collectible thereon for the most recently ended calendar month as a result of the application of the Relief Act or any similar law, the amount, if any, by which (i) interest collectible on such Mortgage Loan for the most recently ended calendar month is less than (ii) interest accrued thereon for such month pursuant to the Mortgage Note.

REMIC: A “real estate mortgage investment conduit” within the meaning of section 860D of the Code.

REMIC Change of Law: Any proposed, temporary or final regulation, revenue ruling, revenue procedure or other official announcement or interpretation relating to REMICs and the REMIC Provisions issued after the Closing Date.

REMIC Provisions: Provisions of the federal income tax law relating to real estate mortgage investment conduits, which appear at Sections 860A through 860G of Subchapter M of Chapter 1 of the Code, and related provisions, and regulations promulgated thereunder, as the foregoing may be in effect from time to time as well as provisions of applicable state laws.

REO Property: A Mortgaged Property acquired by the Trust Fund through foreclosure or deed-in-lieu of foreclosure in connection with a defaulted Mortgage Loan.

Reportable Event: Any event required to be reported on Form 8-K, and in any event, the following:

(a) entry into a definitive agreement related to the Trust Fund, the Certificates or the Mortgage Loans, or an amendment to a Transaction Document, even if the Depositor is not a party to such agreement (e.g., a servicing agreement with a servicer contemplated by Item 1108(a)(3) of Regulation AB);

(b) termination of a Transaction Document (other than by expiration of the agreement on its stated termination date or as a result of all parties completing their obligations under such agreement), even if the Depositor is not a party to such agreement (e.g., a servicing agreement with a servicer contemplated by Item 1108(a)(3) of Regulation AB);

(c) with respect to the Master Servicer only, if the Master Servicer becomes aware of any bankruptcy or receivership with respect to Countrywide, the Depositor, the Master Servicer, any Subservicer, the Trustee, any enhancement or support provider contemplated by Items 1114(b) or 1115 of Regulation AB, or any other material party contemplated by Item 1101(d)(1) of Regulation AB;

(d) with respect to the Trustee, the Master Servicer and the Depositor only, the occurrence of an early amortization, performance trigger or other event, including an Event of Default under this Agreement;

(e) the resignation, removal, replacement, substitution of the Master Servicer, any Subservicer or the Trustee;

(f) with respect to the Master Servicer only, if the Master Servicer becomes aware that (i) any material enhancement or support specified in Item 1114(a)(1) through (3) of Regulation AB or Item 1115 of Regulation AB that was previously applicable regarding one or more Classes of the Certificates has terminated other than by expiration of the contract on its stated termination date or as a result of all parties completing their obligations under such agreement; (ii) any material enhancement specified in Item 1114(a)(1) through (3) of Regulation AB or Item 1115 of Regulation AB has been added with respect to one or more Classes of the

Certificates; or (iii) any existing material enhancement or support specified in Item 1114(a)(1) through (3) of Regulation AB or Item 1115 of Regulation AB with respect to one or more Classes of the Certificates has been materially amended or modified; and

(g) with respect to the Trustee, the Master Servicer and the Depositor only, a required distribution to Holders of the Certificates is not made as of the required Distribution Date under this Agreement.

Reporting Subcontractor: With respect to the Master Servicer or the Trustee, any Subcontractor determined by such Person pursuant to Section 11.08(b) to be "participating in the servicing function" within the meaning of Item 1122 of Regulation AB. References to a Reporting Subcontractor shall refer only to the Subcontractor of such Person and shall not refer to Subcontractors generally.

Request for Release: The Request for Release submitted by the Master Servicer to the Trustee, substantially in the form of Exhibits M and N to this Agreement, as appropriate.

Required Insurance Policy: With respect to any Mortgage Loan, any insurance policy that is required to be maintained from time to time under this Agreement.

Residual Certificates: As specified in the Preliminary Statement.

Responsible Officer: When used with respect to the Trustee, any Vice President, any Assistant Vice President, the Secretary, any Assistant Secretary, any Trust Officer or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also to whom, with respect to a particular matter, such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

Restricted Classes: As defined in Section 4.02(e).

Sarbanes-Oxley Certification: As defined in Section 11.05.

Scheduled Payment: The scheduled monthly payment on a Mortgage Loan due in the related Due Period allocable to principal and/or interest on such Mortgage Loan which, unless otherwise specified in this Agreement, shall give effect to any related Debt Service Reduction and any Deficient Valuation that affects the amount of the monthly payment due on such Mortgage Loan.

Securities Act: The Securities Act of 1933, as amended.

Seller: Countrywide, Park Granada, Park Monaco or Park Sienna, as applicable.

Senior Certificates: As specified in the Preliminary Statement.

Senior Credit Support Depletion Date: The date on which the aggregate Class Certificate Balance of the Subordinated Certificates has been reduced to zero.

Senior Percentage: As to any Distribution Date, the percentage equivalent of a fraction, the numerator of which is the aggregate Class Certificate Balance of the Senior Certificates

immediately prior to such Distribution Date and the denominator of which is the aggregate of the Class Certificate Balances of all Classes of Certificates immediately prior to such Distribution Date. In no event will the Senior Percentage be greater than 100%.

Senior Prepayment Percentage: As to any Distribution Date during the ten years beginning on the first Distribution Date, 100%. The Senior Prepayment Percentage for any Distribution Date occurring on or after the tenth anniversary of the first Distribution Date will, except as provided in this Agreement, be as follows: for any Distribution Date in the first year thereafter, the Senior Percentage plus 70% of the Subordinated Percentage for such Distribution Date; for any Distribution Date in the second year thereafter, the Senior Percentage plus 60% of the Subordinated Percentage for such Distribution Date; for any Distribution Date in the third year thereafter, the Senior Percentage plus 40% of the Subordinated Percentage for such Distribution Date; for any Distribution Date in the fourth year thereafter, the Senior Percentage plus 20% of the Subordinated Percentage for such Distribution Date; and for any Distribution Date thereafter, the Senior Percentage for such Distribution Date; provided, however, that if on any Distribution Date the Senior Percentage exceeds the Senior Percentage as of the Closing Date, then the Senior Prepayment Percentage for such Distribution Date will equal 100%). Notwithstanding the foregoing, no decrease in the Senior Prepayment Percentage will occur unless both of the Senior Step Down Conditions are satisfied. Notwithstanding the foregoing, if the Two Times Test is satisfied on a Distribution Date, the Senior Prepayment Percentage will equal (x) if such Distribution Date is on or prior to the Distribution Date in November 2009, the Senior Percentage plus 50% of the Subordinated Percentage for the Distribution Date and (y) if such Distribution Date is after the Distribution Date in November 2009, the Senior Percentage.

Senior Principal Distribution Amount: As to any Distribution Date, the sum of (i) the Senior Percentage of all amounts described in clauses (a) through (d) of the definition of "Principal Amount" for such Distribution Date, (ii) with respect to any Mortgage Loan that became a Liquidated Mortgage Loan during the calendar month preceding the month of such Distribution Date, the lesser of (x) the Senior Percentage of the Stated Principal Balance of such Mortgage Loan as of the first day of the related Due Period and (y) the Senior Prepayment Percentage of the amount of the Net Liquidation Proceeds allocable to principal received on the Mortgage Loan and (iii) the Senior Prepayment Percentage of the Net Prepayments for that Distribution Date.

Senior Step Down Conditions: With respect to all of the Mortgage Loans: (i) the outstanding principal balance of Mortgage Loans delinquent 60 days or more (including Mortgage Loans in foreclosure, REO Property and Mortgage Loans the Mortgagors of which are in bankruptcy) (averaged over the preceding six month period), does not exceed 50% of the aggregate Class Certificate Balance of the Subordinated Certificates for such Distribution Date, and (ii) cumulative Realized Losses on the Mortgage Loans do not exceed: (a) commencing with the Distribution Date on the tenth anniversary of the first Distribution Date, 30% of the Original Subordinate Principal Balance, (b) commencing with the Distribution Date on the eleventh anniversary of the first Distribution Date, 35% of the Original Subordinate Principal Balance, (c) commencing with the Distribution Date on the twelfth anniversary of the first Distribution Date, 40% of the Original Subordinate Principal Balance, (d) commencing with the Distribution Date on the thirteenth anniversary of the first Distribution Date, 45% of the Original Subordinate Principal Balance and (e) commencing with the Distribution Date on the fourteenth anniversary of the first Distribution Date, 50% of the Original Subordinate Principal Balance.

Servicing Advances: All customary, reasonable and necessary "out of pocket" costs and expenses incurred in the performance by the Master Servicer of its servicing obligations, including, but not limited to, the cost of (i) the preservation, restoration and protection of a Mortgaged Property, (ii) any expenses reimbursable to the Master Servicer pursuant to Section 3.11 and any enforcement or judicial proceedings, including foreclosures, (iii) the management and liquidation of any REO Property and (iv) compliance with the obligations under Section 3.09.

Servicing Criteria: The "servicing criteria" set forth in Item 1.122(d) of Regulation AB.

Servicing Officer: Any officer of the Master Servicer involved in, or responsible for, the administration and servicing of the Mortgage Loans whose name and facsimile signature appear on a list of servicing officers furnished to the Trustee by the Master Servicer on the Closing Date pursuant to this Agreement, as such list may from time to time be amended.

S&P: Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. If S&P is designated as a Rating Agency in the Preliminary Statement, for purposes of Section 10.05(b) the address for notices to S&P shall be Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041, Attention: Mortgage Surveillance Monitoring, or such other address as S&P may hereafter furnish to the Depositor and the Master Servicer.

Startup Day: The Closing Date.

Stated Principal Balance: As to any Mortgage Loan and Due Date, the unpaid principal balance of such Mortgage Loan as of such Due Date as specified in the amortization schedule at the time relating thereto (before any adjustment to such amortization schedule by reason of any moratorium or similar waiver or grace period), plus any Deferred Interest added to the principal balance of that Mortgage Loan pursuant to the terms of the related Mortgage Note on or prior to that Due Date, minus the sum of: (i) any previous partial Principal Prepayments and the payment of principal due on such Due Date, irrespective of any delinquency in payment by the related Mortgagor, (ii) Liquidation Proceeds allocable to principal (other than with respect to any Liquidated Mortgage Loan) received in the prior calendar month with respect to that Mortgage Loan; (iii) Principal Prepayments received through the last day of the related Prepayment Period with respect to that Mortgage Loan, and (iv) any Realized Loss previously incurred in connection with a Deficient Valuation. The Stated Principal Balance of any Mortgage Loan that becomes a Liquidated Mortgage Loan will be zero on each date following the Due Period in which such Mortgage Loan becomes a Liquidated Mortgage Loan.

Streamlined Documentation Mortgage Loan: Any Mortgage Loan originated pursuant to Countrywide's Streamlined Loan Documentation Program then in effect. For the purposes of this Agreement, a Mortgagor is eligible for a mortgage pursuant to Countrywide's Streamlined Loan Documentation Program if that Mortgagor is refinancing an existing mortgage loan that was originated or acquired by Countrywide where, among other things, the mortgage loan has not been more than 30 days delinquent in payment during the previous twelve month period.

Subcontractor: Any vendor, subcontractor or other Person that is not responsible for the overall servicing (as "servicing" is commonly understood by participants in the mortgage-backed securities market) of Mortgage Loans but performs one or more discrete functions identified in

Item 1122(d) of Regulation AB with respect to the Mortgage Loans under the direction or authority of the Master Servicer or a Subservicer or the Trustee, as the case may be.

Subordinated Certificates: As specified in the Preliminary Statement.

Subordinated Percentage: As to any Distribution Date, 100% minus the Senior Percentage for such Distribution Date.

Subordinated Prepayment Percentage: As to any Distribution Date, 100% minus the Senior Prepayment Percentage for such Distribution Date.

Subordinated Principal Distribution Amount: With respect to any Distribution Date and the Subordinated Certificates, an amount equal to the sum, not less than zero, of (i) the Subordinated Percentage of all amounts described in clauses (a) through (d) of the definition of "Principal Amount" for that Distribution Date, (ii) with respect to each Mortgage Loan that became a Liquidated Mortgage Loan during the calendar month preceding the month of such Distribution Date, the Liquidation Proceeds allocated to principal received with respect thereto remaining after application thereof pursuant to clause (ii) of the definition of "Senior Principal Distribution Amount", up to the Subordinated Percentage of the Stated Principal Balance of that Mortgage Loan as of the first day of the related Due Period, and (iii) the Subordinated Prepayment Percentage of the Net Prepayments for such Distribution Date.

Subsequent Recoveries: As to any Distribution Date, with respect to a Liquidated Mortgage Loan that resulted in a Realized Loss in a prior calendar month, unexpected amounts received by the Master Servicer (net of any related expenses permitted to be reimbursed pursuant to Section 3.08) specifically related to such Liquidated Mortgage Loan.

Subservicer: Any person to whom the Master Servicer has contracted for the servicing of all or a portion of the Mortgage Loans pursuant to Section 3.02.

Substitute Mortgage Loan: A Mortgage Loan substituted by the applicable Seller for a Deleted Mortgage Loan which must, on the date of such substitution, as confirmed in a Request for Release, substantially in the form of Exhibit M, (i) have a Stated Principal Balance, after deduction of the principal portion of the Scheduled Payment due in the month of substitution, not in excess of, and not more than 10% less than the Stated Principal Balance of the Deleted Mortgage Loan; (ii) be accruing interest at a rate no lower than and not more than 1% per annum higher than, that of the Deleted Mortgage Loan; (iii) have a Loan-to-Value Ratio no higher than that of the Deleted Mortgage Loan; (iv) have a remaining term to maturity no greater than (and not more than one year less than that of) the Deleted Mortgage Loan; (v) have a Maximum Mortgage Rate not more than 1% per annum higher or lower than, that of the Deleted Mortgage Loan; (vi) have a Minimum Mortgage Rate specified in its related mortgage note not more than 1% per annum higher or lower than the Minimum Mortgage Rate of the Deleted Mortgage Loan; (vii) have the same Mortgage Index and Mortgage Index reset period as the Deleted Mortgage Loan and a Gross Margin not more than 1% per annum higher or lower than that of the Deleted Mortgage Loan; (viii) not be a Cooperative Loan unless the Deleted Mortgage Loan was a Cooperative Loan; (ix) have the same Maximum Negative Amortization, payment cap and recast provisions as the Deleted Mortgage Loan; (x) comply with each representation and warranty set

forth in Section 2.03; and (xi) provide for a Prepayment Charge on terms substantially similar to those of the Prepayment Charge, if any, of the Deleted Mortgage Loan.

Substitution Adjustment Amount: The meaning ascribed to such term pursuant to Section 2.03.

Supplemental Cut-off Date: With respect to any Supplemental Mortgage Loan, the later of (i) the date of origination of such Mortgage Loan and (ii) the first day of the month in which the related Supplemental Transfer Date occurs.

Supplemental Mortgage Loan: Any Mortgage Loan other than an Initial Mortgage Loan conveyed to the Trust Fund pursuant to Section 2.01 hereof and to a Supplemental Transfer Agreement, which Mortgage Loan shall be listed on the revised Mortgage Loan Schedule delivered pursuant to this Agreement and on Schedule A to such Supplemental Transfer Agreement. When used with respect to a single Supplemental Transfer Date, Supplemental Mortgage Loan shall mean a Supplemental Mortgage Loan conveyed to the Trust Fund on that Supplemental Transfer Date.

Supplemental Transfer Agreement: A Supplemental Transfer Agreement substantially in the form of Exhibit P hereto, executed and delivered by the related Seller or Sellers, the Master Servicer, the Depositor and the Trustee as provided in Section 2.01 hereof.

Supplemental Transfer Date: For any Supplemental Transfer Agreement, the date the related Supplemental Mortgage Loans are transferred to the Trust Fund pursuant to the related Supplemental Transfer Agreement.

Tax Matters Person: The person designated as "tax matters person" in the manner provided under Treasury regulation § 1.860F-4(d) and Treasury regulation § 301.6231(a)(7)-1. Initially, the Tax Matters Person shall be the Trustee.

Tax Matters Person Certificate: The Class A-R Certificate with a Denomination of \$0.01.

Transaction Documents: This Agreement and any other document or agreement entered into in connection with the Trust Fund, the Certificates or the Mortgage Loans.

Transfer: Any direct or indirect transfer or sale of any Ownership Interest in a Residual Certificate.

Trust Fund: The corpus of the trust created under this Agreement consisting of (i) the Mortgage Loans and all interest and principal received on or with respect thereto after the Cut-off Date to the extent not applied in computing the Cut-off Date Principal Balance of the Mortgage Loans; (ii) the Class A-3 Policy; (iii) the Certificate Account, the Carryover Shortfall Reserve Fund, the Pre-Funding Account, the Capitalized Interest Account, the Class A-3 Policy Payments Account, the Distribution Account and all amounts deposited therein pursuant to the applicable provisions of this Agreement; (iv) property that secured a Mortgage Loan and has been acquired by foreclosure, deed-in-lieu of foreclosure or otherwise; and (v) all proceeds of the conversion, voluntary or involuntary, of any of the foregoing.

Trustee: The Bank of New York and its successors and, if a successor trustee is appointed under this Agreement, such successor.

Trustee Advance Rate: With respect to any Advance made by the Trustee pursuant to Section 4.01(b), a per annum rate of interest determined as of the date of such Advance equal to the Prime Rate in effect on such date plus 5.00%.

Trustee Fee: As to any Distribution Date, an amount equal to one-twelfth of the Trustee Fee Rate multiplied by the sum of (i) the Pool Stated Principal Balance and (ii) any amounts remaining in the Pre-Funding Account (excluding any investment earnings thereon) with respect to such Distribution Date.

Trustee Fee Rate: With respect to each Mortgage Loan, 0.009% per annum.

Two Times Test: As to any Distribution Date and the Subordinated Certificates, if (i) the Subordinated Percentage is at least 200% of the Subordinated Percentage as of the Closing Date, (ii) clause (i) of the Senior Step Down Conditions is satisfied and (iii) the cumulative Realized Losses on all the Mortgage Loans do not exceed (x) with respect to any Distribution Date on or prior to November 2009, 20% of the aggregate Class Certificate Balance of the Subordinated Certificates as of the Closing Date or (y) with respect to any Distribution Date after November 2009, 30% of the aggregate Class Certificate Balance of the Subordinated Certificates as of the Closing Date.

Underwriter: As specified in the Preliminary Statement.

Underwriter's Exemption: Prohibited Transaction Exemption 2002-41, 67 Fed. Reg. 54487 (2002), as amended (or any successor thereto), or any substantially similar administrative exemption granted by the U.S. Department of Labor.

Voting Rights: The portion of the voting rights of all of the Certificates which is allocated to any Certificate. As of any date of determination, (a) 1% of all Voting Rights shall be allocated to each Class of Component Certificates (such Voting Rights to be allocated among the holders of Certificates of each such Class in accordance with their respective Percentage Interests), and (b) the remaining Voting Rights shall be allocated among Holders of the remaining Classes of Certificates in proportion to the Certificate Balances of their respective Certificates on such date.

Weighted Average Adjusted Net Mortgage Rate: As to any Distribution Date, the average of the Adjusted Net Mortgage Rate of each Mortgage Loan, weighted on the basis of its Stated Principal Balance as of the first day of the related Due Period.

SECTION 1.02. Certain Interpretive Principles.

All terms defined in this Agreement shall have the defined meanings when used in any certificate, agreement or other document delivered pursuant hereto unless otherwise defined therein. For purposes of this Agreement and all such certificates and other documents, unless the context otherwise requires: (a) accounting terms not otherwise defined in this Agreement, and accounting terms partly defined in this Agreement to the extent not defined, shall have the respective meanings given to them under generally accepted accounting principles; (b) the words

“hereof,” “herein” and “hereunder” and words of similar import refer to this Agreement (or the certificate, agreement or other document in which they are used) as a whole and not to any particular provision of this Agreement (or such certificate, agreement or document); (c) references to any Section, Schedule or Exhibit are references to Sections, Schedules and Exhibits in or to this Agreement, and references to any paragraph, subsection, clause or other subdivision within any Section or definition refer to such paragraph, subsection, clause or other subdivision of such Section or definition; (d) the term “including” means “including without limitation”; (e) references to any law or regulation refer to that law or regulation as amended from time to time and include any successor law or regulation; (f) references to any agreement refer to that agreement as amended from time to time; (g) references to any Person include that Person’s permitted successors and assigns; and (h) a Mortgage Loan is “30 days delinquent” if any Scheduled Payment has not been received by the close of business on the day immediately preceding the Due Date on which the next Scheduled Payment is due. Similarly for “60 days delinquent,” “90 days delinquent” and so on.

ARTICLE II
CONVEYANCE OF MORTGAGE LOANS;
REPRESENTATIONS AND WARRANTIES

SECTION 2.01. Conveyance of Mortgage Loans

(a) Each Seller, concurrently with the execution and delivery hereof, hereby sells, transfers, assigns, sets over and otherwise conveys to the Depositor, without recourse, all its respective right, title and interest in and to the related Initial Mortgage Loans, including all interest and principal received or receivable by such Seller, on or with respect to the applicable Initial Mortgage Loans after the Initial Cut-off Date and all interest and principal payments on the related Initial Mortgage Loans received prior to the Initial Cut-off Date in respect of installments of interest and principal due thereafter, but not including payments of principal and interest due and payable on such Initial Mortgage Loans, on or before the Initial Cut-off Date. On or prior to the Closing Date, Countrywide shall deliver to the Depositor or, at the Depositor's direction, to the Trustee or other designee of the Depositor, the Mortgage File for each Mortgage Loan listed in the Mortgage Loan Schedule (except that, in the case of the Delay Delivery Mortgage Loans (which may include Countrywide Mortgage Loans, Park Granada Mortgage Loans, Park Monaco Mortgage Loans and Park Sienna Mortgage Loans), such delivery may take place within thirty (30) days following the Closing Date or twenty (20) days following the applicable Supplemental Transfer Date, as applicable). Such delivery of the Mortgage Files shall be made against payment by the Depositor of the purchase price, previously agreed to by the Sellers and Depositor, for the Mortgage Loans. With respect to any Initial Mortgage Loan that does not have a first payment date on or before the Due Date in the month of the first Distribution Date or any Supplemental Mortgage Loan that does not have a first payment date on or before the Due Date in the month after the related Supplemental Transfer Date, Countrywide shall deposit into the Distribution Account on or before the Distribution Account Deposit Date relating to the first applicable Distribution Date, an amount equal to one month's interest at the related Adjusted Mortgage Rate on the Cut-off Date Principal Balance of such Mortgage Loan.

(b) Immediately upon the conveyance of the Initial Mortgage Loans referred to in clause (a), the Depositor sells, transfers, assigns, sets over and otherwise conveys to the Trustee for the benefit of the Certificateholders, without recourse, all the right, title and interest of the Depositor in and to the Trust Fund together with the Depositor's right to require each Seller to cure any breach of a representation or warranty made herein by such Seller, or to repurchase or substitute for any affected Mortgage Loan in accordance herewith. In addition, on or prior to the Closing Date, the Depositor shall cause Ambac to deliver the Class A-3A Policy to the Trustee.

(c) In connection with the transfer and assignment set forth in clause (b) above, the Depositor has delivered or caused to be delivered to the Trustee (or, in the case of the Delay Delivery Mortgage Loans that are Initial Mortgage Loans, will deliver or cause to be delivered to the Trustee within thirty (30) days following the Closing Date and in the case of the Delay Delivery Mortgage Loans that are Supplemental Mortgage Loans, will deliver or cause to be delivered to the Trustee within twenty (20) days following the applicable Supplemental Transfer Date) for the benefit of the Certificateholders the following documents or instruments with respect to each Mortgage Loan so assigned:

(i) (A) the original Mortgage Note endorsed by manual or facsimile signature in blank in the following form: "Pay to the order of _____ without recourse," with all intervening endorsements showing a complete chain of endorsement from the originator to the Person endorsing the Mortgage Note (each such endorsement being sufficient to transfer all right, title and interest of the party so endorsing, as noteholder or assignee thereof, in and to that Mortgage Note); or

(B) with respect to any Lost Mortgage Note, a lost note affidavit from Countrywide stating that the original Mortgage Note was lost or destroyed, together with a copy of such Mortgage Note;

(ii) except as provided below and for each Mortgage Loan that is not a MERS Mortgage Loan, the original recorded Mortgage or a copy of such Mortgage, with recording information, (or, in the case of a Mortgage for which the related Mortgaged Property is located in the Commonwealth of Puerto Rico, a true copy of the Mortgage certified as such by the applicable notary) and in the case of each MERS Mortgage Loan, the original Mortgage or a copy of such mortgage, with recording information, noting the presence of the MIN of the Mortgage Loans and either language indicating that the Mortgage Loan is a MOM Loan if the Mortgage Loan is a MOM Loan or if the Mortgage Loan was not a MOM Loan at origination, the original Mortgage and the assignment thereof to MERS, with evidence of recording indicated thereon, or a copy of the Mortgage certified by the public recording office in which such Mortgage has been recorded;

(iii) in the case of each Mortgage Loan that is not a MERS Mortgage Loan, a duly executed assignment of the Mortgage or a copy of such assignment, with recording information, (which may be included in a blanket assignment or assignments), together with, except as provided below, all interim recorded assignments of such mortgage or a copy of such assignment, with recording information, (each such assignment, when duly and validly completed, to be in recordable form and sufficient to effect the assignment of and transfer to the assignee thereof, under the Mortgage to which the assignment relates); provided that, if the related Mortgage has not been returned from the applicable public recording office, such assignment of the Mortgage may exclude the information to be provided by the recording office; provided, further, that such assignment of Mortgage need not be delivered in the case of a Mortgage for which the related Mortgaged Property is located in the Commonwealth of Puerto Rico;

(iv) the original or copies of each assumption, modification, written assurance or substitution agreement, if any;

(v) except as provided below, the original or a copy of lender's title policy or a printout of the electronic equivalent and all riders thereto; and

(vi) in the case of a Cooperative Loan, the originals of the following documents or instruments:

- (A) The Coop Shares, together with a stock power in blank;
- (B) The executed Security Agreement;
- (C) The executed Proprietary Lease;
- (D) The executed Recognition Agreement;
- (E) The executed UCC-1 financing statement with evidence of recording thereon which have been filed in all places required to perfect the applicable Seller's interest in the Coop Shares and the Proprietary Lease; and
- (F) The executed UCC-3 financing statements or other appropriate UCC financing statements required by state law, evidencing a complete and unbroken line from the mortgagee to the Trustee with evidence of recording thereon (or in a form suitable for recordation).

In addition, in connection with the assignment of any MERS Mortgage Loan, each Seller agrees that it will cause, at the Trustee's expense, the MERS® System to indicate that the Mortgage Loans sold by such Seller to the Depositor have been assigned by that Seller to the Trustee in accordance with this Agreement (and any Supplemental Transfer Agreement, as applicable) for the benefit of the Certificateholders by including (or deleting, in the case of Mortgage Loans which are repurchased in accordance with this Agreement) in such computer files the information required by the MERS® System to identify the series of the Certificates issued in connection with such Mortgage Loans. Each Seller further agrees that it will not, and will not permit the Master Servicer to, and the Master Servicer agrees that it will not, alter the information referenced in this paragraph with respect to any Mortgage Loan sold by such Seller to the Depositor during the term of this Agreement unless and until such Mortgage Loan is repurchased in accordance with the terms of this Agreement.

In the event that in connection with any Mortgage Loan that is not a MERS Mortgage Loan the Depositor cannot deliver (a) the original recorded Mortgage or a copy of such mortgage, with recording information, or (b) all interim recorded assignments or a copy of such assignments, with recording information, or (c) the lender's title policy or a copy of lender's title policy (together with all riders thereto) satisfying the requirements of clause (ii), (iii) or (v) above, respectively, concurrently with the execution and delivery of this Agreement because such document or documents have not been returned from the applicable public recording office in the case of clause (ii) or (iii) above, or because the title policy has not been delivered to either the Master Servicer or the Depositor by the applicable title insurer in the case of clause (v) above, the Depositor shall promptly deliver to the Trustee, in the case of clause (ii) or (iii) above, such original Mortgage or a copy of such mortgage, with recording information, or such interim assignment or a copy of such assignments, with recording information, as the case may be, with evidence of recording indicated thereon upon receipt thereof from the public recording office, or a copy thereof, certified, if appropriate, by the relevant recording office, but in no event shall any such delivery of the original Mortgage and each such interim assignment or a copy thereof, certified, if appropriate, by the relevant recording office, be made later than one year following the Closing Date, or, in the case of clause (v) above, no later than 120 days following the Closing

Date; provided, however, in the event the Depositor is unable to deliver by such date each Mortgage and each such interim assignment by reason of the fact that any such documents have not been returned by the appropriate recording office, or, in the case of each such interim assignment, because the related Mortgage has not been returned by the appropriate recording office, the Depositor shall deliver such documents to the Trustee as promptly as possible upon receipt thereof and, in any event, within 720 days following the Closing Date. The Depositor shall forward or cause to be forwarded to the Trustee (a) from time to time additional original documents evidencing an assumption or modification of a Mortgage Loan and (b) any other documents required to be delivered by the Depositor or the Master Servicer to the Trustee. In the event that the original Mortgage is not delivered and in connection with the payment in full of the related Mortgage Loan and the public recording office requires the presentation of a "lost instruments affidavit and indemnity" or any equivalent document, because only a copy of the Mortgage can be delivered with the instrument of satisfaction or reconveyance, the Master Servicer shall execute and deliver or cause to be executed and delivered such a document to the public recording office. In the case where a public recording office retains the original recorded Mortgage or in the case where a Mortgage is lost after recordation in a public recording office, Countrywide shall deliver to the Trustee a copy of such Mortgage certified by such public recording office to be a true and complete copy of the original recorded Mortgage.

As promptly as practicable subsequent to such transfer and assignment, and in any event, within one hundred twenty (120) days thereafter, the Trustee shall (A) as the assignee thereof, affix the following language to each assignment of Mortgage: "CWALT Series 2006-OA19, The Bank of New York, as trustee", (B) cause such assignment to be in proper form for recording in the appropriate public office for real property records and (C) cause to be delivered for recording in the appropriate public office for real property records the assignments of the Mortgages to the Trustee, except that (i) with respect to any assignments of Mortgage as to which the Trustee has not received the information required to prepare such assignment in recordable form, the Trustee's obligation to do so and to deliver the same for such recording shall be as soon as practicable after receipt of such information and in any event within thirty (30) days after receipt thereof and (ii) the Trustee need not cause to be recorded any assignment which relates to a Mortgage Loan the Mortgaged Property and Mortgage File relating to which are located in any jurisdiction (including Puerto Rico) under the laws of which the recordation of such assignment is not necessary to protect the Trustee's and the Certificateholders' interest in the related Mortgage Loan as evidenced by an opinion of counsel delivered by Countrywide to the Trustee within 90 days of the Closing Date (which opinion may be in the form of a "survey" opinion and is not required to be delivered by counsel admitted to practice law in the jurisdiction as to which such legal opinion applies).

In the case of Mortgage Loans that have been prepaid in full as of the Closing Date, the Depositor, in lieu of delivering the above documents to the Trustee, will deposit in the Certificate Account the portion of such payment that is required to be deposited in the Certificate Account pursuant to Section 3.05.

Notwithstanding anything to the contrary in this Agreement, within thirty (30) days after the Closing Date with respect to the Initial Mortgage Loans, Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) shall either (i) deliver to the Depositor, or at the Depositor's direction, to the Trustee or other designee of the Depositor the Mortgage File as required pursuant to this Section 2.01 for each Delay Delivery Mortgage Loan

or (ii) either (A) substitute a Substitute Mortgage Loan for the Delay Delivery Mortgage Loan or (B) repurchase the Delay Delivery Mortgage Loan, which substitution or repurchase shall be accomplished in the manner and subject to the conditions set forth in Section 2.03 (treating each Delay Delivery Mortgage Loan as a Deleted Mortgage Loan for purposes of such Section 2.03); provided, however, that if Countrywide fails to deliver a Mortgage File for any Delay Delivery Mortgage Loan within the thirty (30) day period provided in the prior sentence, Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) shall use its best reasonable efforts to effect a substitution, rather than a repurchase of, such Deleted Mortgage Loan and provided further that the cure period provided for in Section 2.02 or in Section 2.03 shall not apply to the initial delivery of the Mortgage File for such Delay Delivery Mortgage Loan, but rather Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) shall have five (5) Business Days to cure such failure to deliver. At the end of such thirty (30) day period the Trustee shall send a Delay Delivery Certification for the Delay Delivery Mortgage Loans delivered during such thirty (30) day period in accordance with the provisions of Section 2.02.

Notwithstanding anything to the contrary in this Agreement, within twenty (20) days after a Supplemental Transfer Date with respect to all of the Supplemental Mortgage Loans sold to the Depositor on such Supplemental Transfer Date, Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) shall either (i) deliver to the Depositor, or at the Depositor's direction, to the Trustee or other designee of the Depositor the Mortgage File as required pursuant to this Section 2.01 for each Delay Delivery Mortgage Loan or (ii) (A) substitute a Substitute Mortgage Loan for the Delay Delivery Mortgage Loan or (B) repurchase the Delay Delivery Mortgage Loan, which substitution or repurchase shall be accomplished in the manner and subject to the conditions set forth in Section 2.03 (treating each Delay Delivery Mortgage Loan as a Deleted Mortgage Loan for purposes of such Section 2.03); provided, however, that if Countrywide fails to deliver a Mortgage File for any Delay Delivery Mortgage Loan within the twenty (20) day period provided in the prior sentence, Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) shall use its best reasonable efforts to effect a substitution, rather than a repurchase of, such Deleted Mortgage Loan and provided further that the cure period provided for in Section 2.02 or in Section 2.03 shall not apply to the initial delivery of the Mortgage File for such Delay Delivery Mortgage Loan, but rather Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) shall have five (5) Business Days to cure such failure to deliver. At the end of such twenty (20) day period the Trustee shall send a Delay Delivery Certification for the Delay Delivery Mortgage Loans delivered during such twenty (20) day period in accordance with the provisions of Section 2.02.

(d) Subject to the execution and delivery of the related Supplemental Transfer Agreement as provided in Section 2.01(e) hereof and the terms and conditions of this Agreement, each Seller sells, transfers, assigns, sets over and otherwise conveys to the Depositor, without recourse, on each Supplemental Transfer Date, with respect to each Supplemental Mortgage Loan sold by such Seller to the Depositor, all the right, title and interest of that Seller in and to the Supplemental Mortgage Loans sold by it identified in such Supplemental Transfer Agreement, including all interest and principal received and receivable by such Seller on or with respect to the related Supplemental Mortgage Loans on and after the related Supplemental Cut-off Date (to the extent not applied in computing the Cut-off Date Principal Balance thereof) or

deposited into the Certificate Account by the related Seller, other than principal and interest due on such Supplemental Mortgage Loans prior to the related Supplemental Cut-off Date.

Immediately upon the conveyance of the Supplemental Mortgage Loans referred to in the preceding paragraph, the Depositor sells, transfers, assigns, sets over and otherwise conveys to the Trustee for benefit of the Certificateholders, without recourse, all right title and interest in all of the Supplemental Mortgage Loans.

Each Seller has entered into this Agreement in consideration for the purchase of the Mortgage Loans sold by such Seller to the Depositor and has agreed to take the actions specified herein. The Depositor, concurrently with the execution and delivery of this Agreement, hereby sells, transfers, assigns and otherwise conveys to the Trustee for the use and benefit of the Certificateholders, without recourse, all right title and interest in the portion of the Trust Fund not otherwise conveyed to the Trust Fund pursuant to Sections 2.01(a) or (b).

(e) Upon five (5) Business Days written notice to the Trustee, the Depositor, the Master Servicer (if the Master Servicer is not a Seller) and the Rating Agencies, on any other Business Day during the Funding Period designated by Countrywide, Park Granada, Park Monaco and Park Sienna, if applicable, the Depositor and the Trustee shall complete, execute and deliver a Supplemental Transfer Agreement so long as no Rating Agency has provided notice that the execution and delivery of such Supplemental Transfer Agreement will result in a reduction or withdrawal of the any ratings assigned to the Certificates. After the execution and delivery of such Supplemental Transfer Agreement, on the Supplemental Transfer Date, the Trustee shall set aside in the Pre-Funding Account an amount equal to the Aggregate Supplemental Purchase Amount.

The transfer of Supplemental Mortgage Loans and the other property and rights relating to them on a Supplemental Transfer Date is subject to the satisfaction of each of the following conditions:

(i) each Supplemental Mortgage Loan conveyed on such Supplemental Transfer Date satisfies the representations and warranties applicable to it under this Agreement; provided, however, that with respect to a breach of a representation and warranty with respect to a Supplemental Mortgage Loan, the obligation under Section 2.03(c) of this Agreement of Countrywide, Park Granada, Park Monaco and Park Sienna, if applicable, to cure, repurchase or replace such Supplemental Mortgage Loan shall constitute the sole remedy against such Seller respecting such breach available to Certificateholders, the Depositor or the Trustee;

(ii) the Trustee, the Underwriter and the Rating Agencies are provided with an Opinion of Counsel or Opinions of Counsel with respect to the tax treatment of the Trust Fund, to be delivered as provided pursuant to Section 2.01(f);

(iii) the Rating Agencies and the Underwriter are provided with an Opinion of Counsel or Opinions of Counsel with respect to the validity of the conveyance of the Supplemental Mortgage Loans conveyed on such Supplemental Transfer Date, to be delivered as provided pursuant to Section 2.01(f);

(iv) the execution and delivery of such Supplemental Transfer Agreement or conveyance of the related Supplemental Mortgage Loans does not result in a reduction or withdrawal of any ratings assigned to the Certificates by the Rating Agencies;

(v) the Supplemental Mortgage Loans conveyed on such Supplemental Transfer Date were selected in a manner reasonably believed not to be adverse to the interests of the Certificateholders;

(vi) no Supplemental Mortgage Loan conveyed on such Supplemental Transfer date was 30 or more days delinquent;

(vii) following the conveyance of the Supplemental Mortgage Loans on such Supplemental Transfer Date to the Trust Fund, the characteristics of the Mortgage Loans will comply with the Pool Characteristics (including the permitted variances listed therein); provided, that for the purpose of making these calculations, the characteristics for any Initial Mortgage Loan made will be taken as of the Initial Cut-off Date and the characteristics for any Supplemental Mortgage Loan will be taken as of the related Supplemental Cut-off Date;

(viii) none of the Sellers or the Depositor shall be insolvent or shall be rendered insolvent as a result of such transfer; and

(ix) the Depositor shall have delivered to the Trustee an Officer's Certificate confirming the satisfaction of each of these conditions precedent.

(f) The Trustee shall not be required to investigate or otherwise verify compliance with these conditions, except for its own receipt of documents specified above, and shall be entitled to rely on the required Officer's Certificate.

(g) Within seven Business Days after each Supplemental Transfer Date, upon (1) delivery to the Trustee by the Depositor or Countrywide of the Opinions of Counsel referred to in Sections 2.01(e)(ii) and (iii), (2) delivery to the Trustee by Countrywide of a revised Mortgage Loan Schedule reflecting the Supplemental Mortgage Loans conveyed on such Supplemental Transfer Date and (3) delivery to the Trustee by the Depositor of an Officer's Certificate confirming the satisfaction of each of the conditions precedent set forth in this Section 2.01(f), the Trustee shall pay to each Seller the portion of the Aggregate Supplemental Transfer Amount used to purchase Supplemental Mortgage Loans from such Seller from those funds that were set aside in the Pre-Funding Account pursuant to Section 2.01(e). The positive difference, if any, between the Aggregate Supplemental Transfer Amount and the Aggregate Supplemental Purchase Amount shall be reinvested by the Trustee in the Pre-Funding Account.

(h) The Trustee shall not be required to investigate or otherwise verify compliance with the conditions set forth in the preceding paragraph, except for its own receipt of documents specified above, and shall be entitled to rely on the required Officer's Certificate.

Within thirty days after the final Supplemental Transfer Date, the Depositor shall deliver to the Trustee a letter of a nationally recognized firm of independent public accountants stating

whether or not the Supplemental Mortgage Loans conveyed on such Supplemental Transfer Date conform to the characteristics in Section 2.01(e)(vi) and (vii).

(i) Neither the Depositor nor the Trust will acquire or hold any Mortgage Loan that would violate the representations made by Countrywide set forth in clauses (50) and (51) of Schedule III-A hereto.

SECTION 2.02. Acceptance by Trustee of the Mortgage Loans.

(a) The Trustee acknowledges receipt of the documents identified in the Initial Certification in the form annexed hereto as Exhibit F-1 (an "***Initial Certification***") and declares that it holds and will hold such documents and the other documents delivered to it constituting the Mortgage Files, and that it holds or will hold such other assets as are included in the Trust Fund, in trust for the exclusive use and benefit of all present and future Certificateholders. The Trustee acknowledges that it will maintain possession of the Mortgage Notes in the State of California, unless otherwise permitted by the Rating Agencies.

The Trustee agrees to execute and deliver on the Closing Date to the Depositor, the Master Servicer and Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) an Initial Certification in the form annexed hereto as Exhibit F-1. Based on its review and examination, and only as to the documents identified in such Initial Certification, the Trustee acknowledges that such documents appear regular on their face and relate to such Initial Mortgage Loan. The Trustee shall be under no duty or obligation to inspect, review or examine said documents, instruments, certificates or other papers to determine that the same are genuine, enforceable or appropriate for the represented purpose or that they have actually been recorded in the real estate records or that they are other than what they purport to be on their face.

On or about the thirtieth (30th) day after the Closing Date, the Trustee shall deliver to the Depositor, the Master Servicer and Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) a Delay Delivery Certification with respect to the Initial Mortgage Loans in the form annexed hereto as Exhibit G-1 (a "***Delay Delivery Certification***"), with any applicable exceptions noted thereon.

Not later than 90 days after the Closing Date, the Trustee shall deliver to the Depositor, the Master Servicer and Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) a Final Certification with respect to the Initial Mortgage Loans in the form annexed hereto as Exhibit H-1 (a "***Final Certification***"), with any applicable exceptions noted thereon.

If, in the course of such review, the Trustee finds any document constituting a part of a Mortgage File that does not meet the requirements of Section 2.01, the Trustee shall list such as an exception in the Final Certification; provided, however that the Trustee shall not make any determination as to whether (i) any endorsement is sufficient to transfer all right, title and interest of the party so endorsing, as noteholder or assignee thereof, in and to that Mortgage Note or (ii) any assignment is in recordable form or is sufficient to effect the assignment of and transfer to the assignee thereof under the mortgage to which the assignment relates. Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) shall promptly correct

or cure such defect within 90 days from the date it was so notified of such defect and, if Countrywide does not correct or cure such defect within such period, Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) shall either (a) substitute for the related Mortgage Loan a Substitute Mortgage Loan, which substitution shall be accomplished in the manner and subject to the conditions set forth in Section 2.03, or (b) purchase such Mortgage Loan from the Trustee within 90 days from the date Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) was notified of such defect in writing at the Purchase Price of such Mortgage Loan; provided, however, that in no event shall such substitution or purchase occur more than 540 days from the Closing Date, except that if the substitution or purchase of a Mortgage Loan pursuant to this provision is required by reason of a delay in delivery of any documents by the appropriate recording office, and there is a dispute between either the Master Servicer or Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) and the Trustee over the location or status of the recorded document, then such substitution or purchase shall occur within 720 days from the Closing Date. The Trustee shall deliver written notice to each Rating Agency within 270 days from the Closing Date indicating each Mortgage Loan (a) that has not been returned by the appropriate recording office or (b) as to which there is a dispute as to location or status of such Mortgage Loan. Such notice shall be delivered every 90 days thereafter until the related Mortgage Loan is returned to the Trustee. Any such substitution pursuant to (a) above or purchase pursuant to (b) above shall not be effected prior to the delivery to the Trustee of the Opinion of Counsel required by Section 2.05, if any, and any substitution pursuant to (a) above shall not be effected prior to the additional delivery to the Trustee of a Request for Release substantially in the form of Exhibit N. No substitution is permitted to be made in any calendar month after the Determination Date for such month. The Purchase Price for any such Mortgage Loan shall be deposited by Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) in the Certificate Account on or prior to the Distribution Account Deposit Date for the Distribution Date in the month following the month of repurchase and, upon receipt of such deposit and certification with respect thereto in the form of Exhibit N hereto, the Trustee shall release the related Mortgage File to Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) and shall execute and deliver at Countrywide's (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) request such instruments of transfer or assignment prepared by Countrywide, in each case without recourse, as shall be necessary to vest in Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna), or its designee, the Trustee's interest in any Mortgage Loan released pursuant hereto. If pursuant to the foregoing provisions Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) repurchases a Mortgage Loan that is a MERS Mortgage Loan, the Master Servicer shall either (i) cause MERS to execute and deliver an assignment of the Mortgage in recordable form to transfer the Mortgage from MERS to Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) or its designee and shall cause such Mortgage to be removed from registration on the MERS® System in accordance with MERS' rules and regulations or (ii) cause MERS to designate on the MERS® System Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) or its designee as the beneficial holder of such Mortgage Loan.

(b) Upon delivery of the Supplemental Mortgage Loans pursuant to a Supplemental Transfer Agreement, the Trustee shall acknowledge receipt of the documents identified in any Supplemental Certification in the form annexed hereto as Exhibit F-2 and declare that it will hold

such documents and the other documents delivered to it constituting the Mortgage Files, and that it will hold such other assets as are included in the Trust Fund, in trust for the exclusive use and benefit of all present and future Certificateholders. The Trustee acknowledges that it will maintain possession of the Mortgage Notes in the State of California, unless otherwise permitted by the Rating Agencies.

The Trustee agrees to execute and deliver on the Supplemental Transfer Date to the Depositor, the Master Servicer and Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) a Supplemental Certification in the form annexed hereto as Exhibit F-2. Based on its review and examination, and only as to the documents identified in such Supplemental Certification, the Trustee shall acknowledge that such documents appear regular on their face and relate to such Supplemental Mortgage Loan. The Trustee shall be under no duty or obligation to inspect, review or examine said documents, instruments, certificates or other papers to determine that the same are genuine, enforceable or appropriate for the represented purpose or that they have actually been recorded in the real estate records or that they are other than what they purport to be on their face.

On or about the twentieth (20th) day after the Supplemental Transfer Date, the Trustee shall deliver to the Depositor, the Master Servicer and Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) a Delay Delivery Certification with respect to the Supplemental Mortgage Loans in the form annexed hereto as Exhibit G-2, with any applicable exceptions noted thereon.

Not later than 90 days after the final Supplemental Transfer Date, the Trustee shall deliver to the Depositor, the Master Servicer and Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) a Final Certification with respect to the Supplemental Mortgage Loans in the form annexed hereto as Exhibit H-2, with any applicable exceptions noted thereon.

(c) If, in the course of such review of the Mortgage Files relating to the Supplemental Mortgage Loans, the Trustee finds any document constituting a part of a Mortgage File which does not meet the requirements of Section 2.01, the Trustee shall list such as an exception in the Final Certification; provided, however that the Trustee shall not make any determination as to whether (i) any endorsement is sufficient to transfer all right, title and interest of the party so endorsing, as noteholder or assignee thereof, in and to that Mortgage Note or (ii) any assignment is in recordable form or is sufficient to effect the assignment of and transfer to the assignee thereof under the mortgage to which the assignment relates. Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) shall promptly correct or cure such defect within 90 days from the date it was so notified of such defect and, if Countrywide does not correct or cure such defect within such period, Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) shall either (a) substitute for the related Mortgage Loan a Substitute Mortgage Loan, which substitution shall be accomplished in the manner and subject to the conditions set forth in Section 2.03, or (b) purchase such Mortgage Loan from the Trustee within 90 days from the date Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) was notified of such defect in writing at the Purchase Price of such Mortgage Loan; provided, however, that in no event shall such substitution or purchase occur more than 540 days from the Closing Date, except that if the substitution or purchase of a Mortgage Loan pursuant to this provision is required by reason of a

delay in delivery of any documents by the appropriate recording office, and there is a dispute between either the Master Servicer or Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) and the Trustee over the location or status of the recorded document, then such substitution or purchase shall occur within 720 days from the Closing Date. The Trustee shall deliver written notice to each Rating Agency within 270 days from the Closing Date indicating each Mortgage Loan (a) which has not been returned by the appropriate recording office or (b) as to which there is a dispute as to location or status of such Mortgage Loan. Such notice shall be delivered every 90 days thereafter until the related Mortgage Loan is returned to the Trustee. Any such substitution pursuant to (a) above or purchase pursuant to (b) above shall not be effected prior to the delivery to the Trustee of the Opinion of Counsel required by Section 2.05 hereof, if any, and any substitution pursuant to (a) above shall not be effected prior to the additional delivery to the Trustee of a Request for Release substantially in the form of Exhibit N. No substitution is permitted to be made in any calendar month after the Determination Date for such month. The Purchase Price for any such Mortgage Loan shall be deposited by Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) in the Certificate Account on or prior to the Distribution Account Deposit Date for the Distribution Date in the month following the month of repurchase and, upon receipt of such deposit and certification with respect thereto in the form of Exhibit N hereto, the Trustee shall release the related Mortgage File to Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) and shall execute and deliver at Countrywide's (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) request such instruments of transfer or assignment prepared by Countrywide, in each case without recourse, as shall be necessary to vest in Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna), or a designee, the Trustee's interest in any Mortgage Loan released pursuant hereto. If pursuant to the foregoing provisions Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) repurchases a Supplemental Mortgage Loan that is a MERS Mortgage Loan, the Master Servicer shall either (i) cause MERS to execute and deliver an assignment of the Mortgage in recordable form to transfer the Mortgage from MERS to Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) and shall cause such Mortgage to be removed from registration on the MERS® System in accordance with MERS' rules and regulations or (ii) cause MERS to designate on the MERS® System Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) or its designee as the beneficial holder of such Mortgage Loan.

(d) The Trustee shall retain possession and custody of each Mortgage File in accordance with and subject to the terms and conditions set forth in this Agreement. The Master Servicer shall promptly deliver to the Trustee, upon the execution or receipt thereof, the originals of such other documents or instruments constituting the Mortgage File as come into the possession of the Master Servicer from time to time.

(e) It is understood and agreed that the respective obligations of each Seller to substitute for or to purchase any Mortgage Loan sold to the Depositor by it that does not meet the requirements of Section 2.01 above shall constitute the sole remedy respecting such defect available to the Trustee, the Depositor and any Certificateholder against that Seller.

SECTION 2.03. Representations, Warranties and Covenants of the Sellers and Master Servicer.

(a) Countrywide hereby makes the representations and warranties set forth in (i) Schedule II-A, Schedule II-B, Schedule II-C and Schedule II-D hereto, and by this reference incorporated herein, to the Depositor, the Master Servicer and the Trustee, as of the Closing Date, (ii) Schedule III-A hereto, and by this reference incorporated herein, to the Depositor, the Master Servicer and the Trustee, as of the Closing Date, or if so specified therein, as of the Initial Cut-off Date with respect to all of the Initial Mortgage Loans and as of the related Supplemental Cut-off Date with respect to all of the Supplemental Mortgage Loans, and (iii) Schedule III-B hereto, and by this reference incorporated herein, to the Depositor, the Master Servicer and the Trustee, as of the Closing Date, or if so specified therein, as of the Initial Cut-off Date with respect to the Initial Mortgage Loans that are Countrywide Mortgage Loans and as of the related Supplemental Cut-off Date with respect to the Supplemental Mortgage Loans that are Countrywide Mortgage Loans. Park Granada hereby makes the representations and warranties set forth in (i) Schedule II-B hereto, and by this reference incorporated herein, to the Depositor, the Master Servicer and the Trustee, as of the Closing Date and (ii) Schedule III-C hereto, and by this reference incorporated herein, to the Depositor, the Master Servicer and the Trustee, as of the Closing Date, or if so specified therein, as of the Initial Cut-off Date with respect to the Initial Mortgage Loans that are Park Granada Mortgage Loans and as of the related Supplemental Cut-off Date with respect to the Supplemental Mortgage Loans that are Park Granada Mortgage Loans. Park Monaco hereby makes the representations and warranties set forth in (i) Schedule II-C hereto, and by this reference incorporated herein, to the Depositor, the Master Servicer and the Trustee, as of the Closing Date and (ii) Schedule III-D hereto, and by this reference incorporated herein, to the Depositor, the Master Servicer and the Trustee, as of the Closing Date, or if so specified therein, as of the Initial Cut-off Date with respect to the Initial Mortgage Loans that are Park Monaco Mortgage Loans and as of the related Supplemental Cut-off Date with respect to the Supplemental Mortgage Loans that are Park Monaco Mortgage Loans. Park Sienna hereby makes the representations and warranties set forth in (i) Schedule II-D hereto, and by this reference incorporated herein, to the Depositor, the Master Servicer and the Trustee, as of the Closing Date and (ii) Schedule III-E hereto, and by this reference incorporated herein, to the Depositor, the Master Servicer and the Trustee, as of the Closing Date, or if so specified therein, as of the Initial Cut-off Date with respect to the Initial Mortgage Loans that are Park Sienna Mortgage Loans and as of the related Supplemental Cut-off Date with respect to the Supplemental Mortgage Loans that are Park Sienna Mortgage Loans.

(b) The Master Servicer hereby makes the representations and warranties set forth in Schedule IV hereto, and by this reference incorporated herein, to the Depositor and the Trustee, as of the Closing Date.

(c) Upon discovery by any of the parties hereto of a breach of a representation or warranty with respect to a Mortgage Loan made pursuant to Section 2.03(a) or a breach of a representation or warranty with respect to a Supplemental Mortgage Loan under Section 2.01(e)(i) that materially and adversely affects the interests of the Certificateholders in that Mortgage Loan, the party discovering such breach shall give prompt notice thereof to the other parties. Each Seller hereby covenants that within 90 days of the earlier of its discovery or its receipt of written notice from any party of a breach of any representation or warranty with respect to a Mortgage Loan sold by it pursuant to Section 2.03(a) and with respect to a breach of

a representation and warranty with respect to a Supplemental Mortgage Loan sold by it under Section 2.01(e)(i) which materially and adversely affects the interests of the Certificateholders in that Mortgage Loan, it shall cure such breach in all material respects, and if such breach is not so cured, shall, (i) if such 90-day period expires prior to the second anniversary of the Closing Date, remove such Mortgage Loan (a "Deleted Mortgage Loan") from the Trust Fund and substitute in its place a Substitute Mortgage Loan, in the manner and subject to the conditions set forth in this Section; or (ii) repurchase the affected Mortgage Loan or Mortgage Loans from the Trustee at the Purchase Price in the manner set forth below; provided, however, that any such substitution pursuant to (i) above shall not be effected prior to the delivery to the Trustee of the Opinion of Counsel required by Section 2.05 hereof, if any, and any such substitution pursuant to (i) above shall not be effected prior to the additional delivery to the Trustee of a Request for Release substantially in the form of Exhibit N and the Mortgage File for any such Substitute Mortgage Loan. The Seller repurchasing a Mortgage Loan pursuant to this Section 2.03(c) shall promptly reimburse the Master Servicer and the Trustee for any expenses reasonably incurred by the Master Servicer or the Trustee in respect of enforcing the remedies for such breach. With respect to the representations and warranties described in this Section which are made to the best of a Seller's knowledge, if it is discovered by either the Depositor, a Seller or the Trustee that the substance of such representation and warranty is inaccurate and such inaccuracy materially and adversely affects the value of the related Mortgage Loan or the interests of the Certificateholders therein, notwithstanding that Seller's lack of knowledge with respect to the substance of such representation or warranty, such inaccuracy shall be deemed a breach of the applicable representation or warranty.

With respect to any Substitute Mortgage Loan or Loans sold to the Depositor by a Seller, Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) shall deliver to the Trustee for the benefit of the Certificateholders the Mortgage Note, the Mortgage, the related assignment of the Mortgage, and such other documents and agreements as are required by Section 2.01, with the Mortgage Note endorsed and the Mortgage assigned as required by Section 2.01. No substitution is permitted to be made in any calendar month after the Determination Date for such month. Scheduled Payments due with respect to Substitute Mortgage Loans in the month of substitution shall not be part of the Trust Fund and will be retained by the related Seller on the next succeeding Distribution Date. For the month of substitution, distributions to Certificateholders will include the monthly payment due on any Deleted Mortgage Loan for such month and thereafter that Seller shall be entitled to retain all amounts received in respect of such Deleted Mortgage Loan. The Master Servicer shall amend the Mortgage Loan Schedule for the benefit of the Certificateholders to reflect the removal of such Deleted Mortgage Loan and the substitution of the Substitute Mortgage Loan or Loans and the Master Servicer shall deliver the amended Mortgage Loan Schedule to the Trustee. Upon such substitution, the Substitute Mortgage Loan or Loans shall be subject to the terms of this Agreement in all respects, and the related Seller shall be deemed to have made with respect to such Substitute Mortgage Loan or Loans, as of the date of substitution, the representations and warranties made pursuant to Section 2.03(a) with respect to such Mortgage Loan. Upon any such substitution and the deposit to the Certificate Account of the amount required to be deposited therein in connection with such substitution as described in the following paragraph, the Trustee shall release the Mortgage File held for the benefit of the Certificateholders relating to such Deleted Mortgage Loan to the related Seller and shall execute and deliver at such Seller's direction such instruments of transfer or assignment prepared by Countrywide (on its own behalf

and on behalf of Park Granada, Park Monaco and Park Sienna), in each case without recourse, as shall be necessary to vest title in that Seller, or its designee, the Trustee's interest in any Deleted Mortgage Loan substituted for pursuant to this Section 2.03.

For any month in which a Seller substitutes one or more Substitute Mortgage Loans for one or more Deleted Mortgage Loans, the Master Servicer will determine the amount (if any) by which the aggregate Stated Principal Balance of all Substitute Mortgage Loans sold to the Depositor by that Seller as of the date of substitution is less than the aggregate Stated Principal Balance of all Deleted Mortgage Loans repurchased by that Seller (after application of the scheduled principal portion of the monthly payments due in the month of substitution). The amount of such shortage (the "Substitution Adjustment Amount") plus an amount equal to the aggregate of any unreimbursed Advances with respect to such Deleted Mortgage Loans shall be deposited in the Certificate Account by Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) on or before the Distribution Account Deposit Date for the Distribution Date in the month succeeding the calendar month during which the related Mortgage Loan became required to be purchased or replaced hereunder.

In the event that a Seller shall have repurchased a Mortgage Loan, the Purchase Price therefor shall be deposited in the Certificate Account pursuant to Section 3.05 on or before the Distribution Account Deposit Date for the Distribution Date in the month following the month during which that Seller became obligated hereunder to repurchase or replace such Mortgage Loan and upon such deposit of the Purchase Price, the delivery of the Opinion of Counsel required by Section 2.05 and receipt of a Request for Release in the form of Exhibit N hereto, the Trustee shall release the related Mortgage File held for the benefit of the Certificateholders to such Person, and the Trustee shall execute and deliver at such Person's direction such instruments of transfer or assignment prepared by such Person, in each case without recourse, as shall be necessary to transfer title from the Trustee. It is understood and agreed that the obligation under this Agreement of any Person to cure, repurchase or replace any Mortgage Loan as to which a breach has occurred and is continuing shall constitute the sole remedy against such Persons respecting such breach available to Certificateholders, the Depositor or the Trustee on their behalf.

The representations and warranties made pursuant to this Section 2.03 shall survive delivery of the respective Mortgage Files to the Trustee for the benefit of the Certificateholders.

SECTION 2.04. Representations and Warranties of the Depositor as to the Mortgage Loans.

The Depositor hereby represents and warrants to the Trustee with respect to each Mortgage Loan as of the date of this Agreement or such other date set forth in this Agreement that as of the Closing Date, and following the transfer of the Mortgage Loans to it by each Seller, the Depositor had good title to the Mortgage Loans and the Mortgage Notes were subject to no offsets, defenses or counterclaims.

The Depositor hereby assigns, transfers and conveys to the Trustee all of its rights with respect to the Mortgage Loans including, without limitation, the representations and warranties of each Seller made pursuant to Section 2.03(a) hereof, together with all rights of the Depositor

to require a Seller to cure any breach thereof or to repurchase or substitute for any affected Mortgage Loan in accordance with this Agreement.

It is understood and agreed that the representations and warranties set forth in this Section 2.04 shall survive delivery of the Mortgage Files to the Trustee. Upon discovery by the Depositor or the Trustee of a breach of any of the foregoing representations and warranties set forth in this Section 2.04 (referred to herein as a "breach"), which breach materially and adversely affects the interest of the Certificateholders, the party discovering such breach shall give prompt written notice to the others and to each Rating Agency.

SECTION 2.05. Delivery of Opinion of Counsel in Connection with Substitutions.

(a) Notwithstanding any contrary provision of this Agreement, no substitution pursuant to Section 2.02 or Section 2.03 shall be made more than 90 days after the Closing Date unless Countrywide delivers to the Trustee an Opinion of Counsel, which Opinion of Counsel shall not be at the expense of either the Trustee or the Trust Fund, addressed to the Trustee, to the effect that such substitution will not (i) result in the imposition of the tax on "prohibited transactions" on the Trust Fund or contributions after the Startup Date, as defined in sections 860F(a)(2) and 860G(d) of the Code, respectively, or (ii) cause any REMIC created under this Agreement to fail to qualify as a REMIC at any time that any Certificates are outstanding.

(b) Upon discovery by the Depositor, a Seller, the Master Servicer, or the Trustee that any Mortgage Loan does not constitute a "qualified mortgage" within the meaning of section 860G(a)(3) of the Code, the party discovering such fact shall promptly (and in any event within five (5) Business Days of discovery) give written notice thereof to the other parties. In connection therewith, the Trustee shall require Countrywide (on its own behalf and on behalf of Park Granada, Park Monaco and Park Sienna) at its option, to either (i) substitute, if the conditions in Section 2.03(c) with respect to substitutions are satisfied, a Substitute Mortgage Loan for the affected Mortgage Loan, or (ii) repurchase the affected Mortgage Loan within 90 days of such discovery in the same manner as it would a Mortgage Loan for a breach of representation or warranty made pursuant to Section 2.03. The Trustee shall reconvey to Countrywide the Mortgage Loan to be released pursuant to this Section in the same manner, and on the same terms and conditions, as it would a Mortgage Loan repurchased for breach of a representation or warranty contained in Section 2.03.

SECTION 2.06. Execution and Delivery of Certificates.

The Trustee acknowledges the transfer and assignment to it of the Trust Fund and, concurrently with such transfer and assignment, has executed and delivered to or upon the order of the Depositor, the Certificates in authorized denominations evidencing directly or indirectly the entire ownership of the Trust Fund. The Trustee agrees to hold the Trust Fund and exercise the rights referred to above for the benefit of all present and future Holders of the Certificates and to perform the duties set forth in this Agreement.

SECTION 2.07. REMIC Matters.

The Preliminary Statement sets forth the designations and "latest possible maturity date" for federal income tax purposes of all interests created hereby. The "Startup Day" for purposes

of the REMIC Provisions shall be the Closing Date. The "tax matters person" with respect to each REMIC hereunder shall be the Trustee and the Trustee shall hold the Tax Matters Person Certificate. Each REMIC's fiscal year shall be the calendar year.

SECTION 2.08. Covenants of the Master Servicer.

The Master Servicer covenants to the Depositor and the Trustee as follows:

(a) the Master Servicer shall comply in the performance of its obligations under this Agreement with all reasonable rules and requirements of the insurer under each Required Insurance Policy; and

(b) no written information, certificate of an officer, statement furnished in writing or written report delivered to the Depositor, any affiliate of the Depositor or the Trustee and prepared by the Master Servicer pursuant to this Agreement will contain any untrue statement of a material fact or omit to state a material fact necessary to make such information, certificate, statement or report not misleading.

ARTICLE III
ADMINISTRATION AND SERVICING
OF MORTGAGE LOANS

SECTION 3.01. Master Servicer to Service Mortgage Loans.

For and on behalf of the Certificateholders, the Master Servicer shall service and administer the Mortgage Loans in accordance with the terms of this Agreement and customary and usual standards of practice of prudent mortgage loan servicers. In connection with such servicing and administration, the Master Servicer shall have full power and authority, acting alone and/or through Subservicers as provided in Section 3.02, subject to the terms of this Agreement (i) to execute and deliver, on behalf of the Certificateholders and the Trustee, customary consents or waivers and other instruments and documents, (ii) to consent to transfers of any Mortgaged Property and assumptions of the Mortgage Notes and related Mortgages (but only in the manner provided in this Agreement), (iii) to collect any Insurance Proceeds and other Liquidation Proceeds (which for the purpose of this Section 3.01 includes any Subsequent Recoveries), and (iv) to effectuate foreclosure or other conversion of the ownership of the Mortgaged Property securing any Mortgage Loan; provided that the Master Servicer shall not take any action that is inconsistent with or prejudices the interests of the Trust Fund or the Certificateholders in any Mortgage Loan or the rights and interests of the Depositor, the Trustee and the Certificateholders under this Agreement. The Master Servicer shall represent and protect the interests of the Trust Fund in the same manner as it protects its own interests in mortgage loans in its own portfolio in any claim, proceeding or litigation regarding a Mortgage Loan, and shall not make or permit any modification, waiver or amendment of any Mortgage Loan which would cause any REMIC created under this Agreement to fail to qualify as a REMIC or result in the imposition of any tax under section 860F(a) or section 860G(d) of the Code. Without limiting the generality of the foregoing, the Master Servicer, in its own name or in the name of the Depositor and the Trustee, is hereby authorized and empowered by the Depositor and the Trustee, when the Master Servicer believes it appropriate in its reasonable judgment, to execute and deliver, on behalf of the Trustee, the Depositor, the Certificateholders 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 Mortgage Loans, and with respect to the Mortgaged Properties held for the benefit of the Certificateholders. The Master Servicer shall prepare and deliver to the Depositor and/or the Trustee such documents requiring execution and delivery by either or both of them as are necessary or appropriate to enable the Master Servicer to service and administer the Mortgage Loans to the extent that the Master Servicer is not permitted to execute and deliver such documents pursuant to the preceding sentence. Upon receipt of such documents, the Depositor and/or the Trustee shall execute such documents and deliver them to the Master Servicer. The Master Servicer further is authorized and empowered by the Trustee, on behalf of the Certificateholders and the Trustee, in its own name or in the name of the Subservicer, when the Master Servicer or the Subservicer, as the case may be, believes it appropriate in its best judgment to register any Mortgage Loan on the MERS® System, or cause the removal from the registration of any Mortgage Loan on the MERS® System, to execute and deliver, on behalf of the Trustee and the Certificateholders or any of them, any and all instruments of assignment and other comparable instruments with respect to such assignment or re-recording of a Mortgage in the name of MERS, solely as nominee for the Trustee and its successors and assigns.

In accordance with the standards of the preceding paragraph, the Master Servicer shall advance or cause to be advanced funds as necessary for the purpose of effecting the payment of taxes and assessments on the Mortgaged Properties, which advances shall be reimbursable in the first instance from related collections from the Mortgagors pursuant to Section 3.06, and further as provided in Section 3.08. The costs incurred by the Master Servicer, if any, in effecting the timely payments of taxes and assessments on the Mortgaged Properties and related insurance premiums shall not, for the purpose of calculating monthly distributions to the Certificateholders, be added to the Stated Principal Balances of the related Mortgage Loans, notwithstanding that the terms of such Mortgage Loans so permit.

SECTION 3.02. Subservicing; Enforcement of the Obligations of Subservicers.

(a) The Master Servicer may arrange for the subservicing of any Mortgage Loan by a Subservicer pursuant to a subservicing agreement; provided, however, that such subservicing arrangement and the terms of the related subservicing agreement must provide for the servicing of such Mortgage Loans in a manner consistent with the servicing arrangements contemplated under this Agreement. Unless the context otherwise requires, references in this Agreement to actions taken or to be taken by the Master Servicer in servicing the Mortgage Loans include actions taken or to be taken by a Subservicer on behalf of the Master Servicer. Notwithstanding the provisions of any subservicing agreement, any of the provisions of this Agreement relating to agreements or arrangements between the Master Servicer and a Subservicer or reference to actions taken through a Subservicer or otherwise, the Master Servicer shall remain obligated and liable to the Depositor, the Trustee and the Certificateholders for the servicing and administration of the Mortgage Loans in accordance with the provisions of this Agreement without diminution of such obligation or liability by virtue of such subservicing agreements or arrangements or by virtue of indemnification from the Subservicer and to the same extent and under the same terms and conditions as if the Master Servicer alone were servicing and administering the Mortgage Loans. All actions of each Subservicer performed pursuant to the related subservicing agreement shall be performed as an agent of the Master Servicer with the same force and effect as if performed directly by the Master Servicer.

(b) For purposes of this Agreement, the Master Servicer shall be deemed to have received any collections, recoveries or payments with respect to the Mortgage Loans that are received by a Subservicer regardless of whether such payments are remitted by the Subservicer to the Master Servicer.

SECTION 3.03. Rights of the Depositor and the Trustee in Respect of the Master Servicer.

The Depositor may, but is not obligated to, enforce the obligations of the Master Servicer under this Agreement and may, but is not obligated to, perform, or cause a designee to perform, any defaulted obligation of the Master Servicer under this Agreement and in connection with any such defaulted obligation to exercise the related rights of the Master Servicer under this Agreement; provided that the Master Servicer shall not be relieved of any of its obligations under this Agreement by virtue of such performance by the Depositor or its designee. Neither the Trustee nor the Depositor shall have any responsibility or liability for any action or failure to act by the Master Servicer nor shall the Trustee or the Depositor be obligated to supervise the performance of the Master Servicer under this Agreement or otherwise.

SECTION 3.04. Trustee to Act as Master Servicer.

In the event that the Master Servicer shall for any reason no longer be the Master Servicer under this Agreement (including by reason of an Event of Default or termination by the Depositor), the Trustee or its successor shall then assume all of the rights and obligations of the Master Servicer under this Agreement arising thereafter (except that the Trustee shall not be (i) liable for losses of the Master Servicer pursuant to Section 3.09 or any acts or omissions of the predecessor Master Servicer under this Agreement), (ii) obligated to make Advances if it is prohibited from doing so by applicable law, (iii) obligated to effectuate repurchases or substitutions of Mortgage Loans under this Agreement including, but not limited to, repurchases or substitutions of Mortgage Loans pursuant to Section 2.02 or 2.03, (iv) responsible for expenses of the Master Servicer pursuant to Section 2.03 or (v) deemed to have made any representations and warranties of the Master Servicer under this Agreement). Any such assumption shall be subject to Section 7.02. If the Master Servicer shall for any reason no longer be the Master Servicer (including by reason of any Event of Default or termination by the Depositor), the Trustee or its successor shall succeed to any rights and obligations of the Master Servicer under each subservicing agreement.

The Master Servicer shall, upon request of the Trustee, but at the expense of the Master Servicer, deliver to the assuming party all documents and records relating to each subservicing agreement or substitute subservicing agreement and the Mortgage Loans then being serviced thereunder and an accounting of amounts collected or held by it and otherwise use its best efforts to effect the orderly and efficient transfer of the substitute subservicing agreement to the assuming party.

SECTION 3.05. Collection of Mortgage Loan Payments; Certificate Account; Distribution Account; Pre-Funding Account; Capitalized Interest Account; Carryover Shortfall Reserve Fund.

(a) The Master Servicer shall make reasonable efforts in accordance with the customary and usual standards of practice of prudent mortgage servicers to collect all payments called for under the terms and provisions of the Mortgage Loans to the extent such procedures shall be consistent with this Agreement and the terms and provisions of any related Required Insurance Policy. Consistent with the foregoing, the Master Servicer may in its discretion (i) waive any late payment charge or, subject to Section 3.20, any Prepayment Charge or penalty interest in connection with the prepayment of a Mortgage Loan and (ii) extend the due dates for payments due on a Mortgage Note for a period not greater than 180 days; provided, however, that the Master Servicer cannot extend the maturity of any such Mortgage Loan past the date on which the final payment is due on the latest maturing Mortgage Loan as of the Cut-off Date. In the event of any such arrangement, the Master Servicer shall make Advances on the related Mortgage Loan in accordance with the provisions of Section 4.01 during the scheduled period in accordance with the amortization schedule of such Mortgage Loan without modification thereof by reason of such arrangements. The Master Servicer shall not be required to institute or join in litigation with respect to collection of any payment (whether under a Mortgage, Mortgage Note or otherwise or against any public or governmental authority with respect to a taking or condemnation) if it reasonably believes that enforcing the provision of the Mortgage or other instrument pursuant to which such payment is required is prohibited by applicable law.

(b) The Master Servicer shall establish and maintain a Certificate Account into which the Master Servicer shall deposit or cause to be deposited no later than two Business Days after receipt (or, if the current long-term credit rating of Countrywide is reduced below "A-" by S&P or Fitch or "A3" by Moody's, the Master Servicer shall deposit or cause to be deposited on a daily basis within one Business Day of receipt), except as otherwise specifically provided in this Agreement, the following payments and collections remitted by Subservicers or received by it in respect of Mortgage Loans subsequent to the Cut-off Date (other than in respect of principal and interest due on the Mortgage Loans on or before the Cut-off Date) and the following amounts required to be deposited under this Agreement:

- (i) all payments on account of principal on the Mortgage Loans, including Principal Prepayments;
- (ii) all payments on account of interest on the Mortgage Loans, net of the related Master Servicing Fee and any lender paid mortgage insurance premiums;
- (iii) all Insurance Proceeds, Subsequent Recoveries and Liquidation Proceeds, other than proceeds to be applied to the restoration or repair of a Mortgaged Property or released to the Mortgagor in accordance with the Master Servicer's normal servicing procedures;
- (iv) any amount required to be deposited by the Master Servicer pursuant to Section 3.05(e) in connection with any losses on Permitted Investments;
- (v) any amounts required to be deposited by the Master Servicer pursuant to Section 3.09(c) and in respect of net monthly rental income from REO Property pursuant to Section 3.11;
- (vi) all Substitution Adjustment Amounts;
- (vii) all Advances made by the Master Servicer pursuant to Section 4.01;
- (viii) all Prepayment Charges and Master Servicer Prepayment Charge Payment Amounts; and
- (ix) any other amounts required to be deposited under this Agreement.

In addition, with respect to any Mortgage Loan that is subject to a buydown agreement, on each Due Date for such Mortgage Loan, in addition to the monthly payment remitted by the Mortgagor, the Master Servicer shall cause funds to be deposited into the Certificate Account in an amount required to cause an amount of interest to be paid with respect to such Mortgage Loan equal to the amount of interest that has accrued on such Mortgage Loan from the preceding Due Date at the Mortgage Rate net of the related Master Servicing Fee.

The foregoing requirements for remittance by the Master Servicer shall be exclusive, it being understood and agreed that, without limiting the generality of the foregoing, payments in the nature late payment charges or assumption fees, if collected, need not be remitted by the Master Servicer. In the event that the Master Servicer shall remit any amount not required to be remitted, it may at any time withdraw or direct the institution maintaining the Certificate

Account to withdraw such amount from the Certificate Account, any provision in this Agreement to the contrary notwithstanding. Such withdrawal or direction may be accomplished by delivering written notice thereof to the Trustee or such other institution maintaining the Certificate Account which describes the amounts deposited in error in the Certificate Account. The Master Servicer shall maintain adequate records with respect to all withdrawals made pursuant to this Section. All funds deposited in the Certificate Account shall be held in trust for the Certificateholders until withdrawn in accordance with Section 3.08.

(c) [Reserved].

(d) The Trustee shall establish and maintain, on behalf of the Certificateholders, the Distribution Account. The Trustee shall, promptly upon receipt, deposit in the Distribution Account and retain in the Distribution Account the following:

- (i) the aggregate amount remitted by the Master Servicer to the Trustee pursuant to Section 3.08(a)(ix);
- (ii) any amount deposited by the Master Servicer pursuant to Section 3.05(e) in connection with any losses on Permitted Investments; and
- (iii) any other amounts deposited hereunder which are required to be deposited in the Distribution Account.

In the event that the Master Servicer shall remit any amount not required to be remitted, it may at any time direct the Trustee to withdraw such amount from the Distribution Account, any provision in this Agreement to the contrary notwithstanding. Such direction may be accomplished by delivering an Officer's Certificate to the Trustee which describes the amounts deposited in error in the Distribution Account. All funds deposited in the Distribution Account shall be held by the Trustee in trust for the Certificateholders until disbursed in accordance with this Agreement or withdrawn in accordance with Section 3.08. In no event shall the Trustee incur liability for withdrawals from the Distribution Account at the direction of the Master Servicer.

(e) Each institution at which the Certificate Account, the Pre-Funding Account, the Capitalized Interest Account or the Distribution Account is maintained shall invest the funds therein as directed in writing by the Master Servicer in Permitted Investments, which shall mature not later than (i) in the case of the Certificate Account, the Pre-Funding Account or the Capitalized Interest Account the second Business Day next preceding the related Distribution Account Deposit Date (except that if such Permitted Investment is an obligation of the institution that maintains such account, then such Permitted Investment shall mature not later than the Business Day next preceding such Distribution Account Deposit Date) and (ii) in the case of the Distribution Account, the Business Day next preceding the Distribution Date (except that if such Permitted Investment is an obligation of the institution that maintains such fund or account, then such Permitted Investment shall mature not later than such Distribution Date) and, in each case, shall not be sold or disposed of prior to its maturity. All such Permitted Investments shall be made in the name of the Trustee, for the benefit of the Certificateholders. All income and gain net of any losses realized from any such investment of funds on deposit in the Certificate Account and the Distribution Account shall be for the benefit of the Master Servicer as servicing

compensation and shall be remitted to it monthly as provided in this Agreement. The amount of any realized losses in the Certificate Account or the Distribution Account incurred in any such account in respect of any such investments shall promptly be deposited by the Master Servicer in the Certificate Account or paid to the Trustee for deposit into the Distribution Account, as applicable. The amount of any losses in the Pre-Funding Account or the Capitalized Interest Account incurred in respect of any such investments shall promptly be deposited by the Depositor in the Pre-Funding Account or the Capitalized Interest Account, as applicable. All income or gain (net of any losses) realized from any such investment of funds on deposit in the Capitalized Interest Account shall be credited to the Capitalized Interest Account. The Trustee in its fiduciary capacity shall not be liable for the amount of any loss incurred in respect of any investment or lack of investment of funds held in the Certificate Account, the Pre-Funding Account, the Capitalized Interest Account or the Distribution Account and made in accordance with this Section 3.05.

(f) The Master Servicer shall give notice to the Trustee, each Seller, each Rating Agency and the Depositor of any proposed change of the location of the Certificate Account prior to any change thereof. The Trustee shall give notice to the Master Servicer, each Seller, each Rating Agency and the Depositor of any proposed change of the location of the Distribution Account, the Capitalized Interest Account or the Pre-Funding Account prior to any change thereof.

(g) The Trustee shall establish and maintain, on behalf of the Certificateholders, the Pre-Funding Account. On the Closing Date Countrywide shall remit the Pre-Funded Amount to the Trustee for deposit in the Pre-Funding Account. On each Supplemental Transfer Date, upon satisfaction of the conditions for such Supplemental Transfer Date set forth in Section 2.01(e), with respect to the related Supplemental Transfer Agreement, the Trustee shall pay to each Seller selling Supplemental Mortgage Loans to the Depositor on such Supplemental Transfer Date the portion of the Aggregate Supplemental Transfer Amount held in escrow pursuant to Section 2.01(e) as payment of the purchase price for the Supplemental Mortgage Loans sold by such Seller. If at any time the Depositor becomes aware that the Cut-off Date Stated Principal Balance of Supplemental Mortgage Loans reflected on any Supplemental Transfer Agreement exceeds the actual Cut-off Date Stated Principal Balance of the relevant Supplemental Mortgage Loans, the Depositor may so notify the Trustee and the Trustee shall redeposit into the Pre-Funding Account the excess reported to it by the Depositor.

If any funds remain in the Pre-Funding Account at the end of the Funding Period, to the extent that they represent earnings on the amounts originally deposited into the Pre-Funding Account, the Trustee shall distribute them to the order of the Depositor.

(h) The Trustee shall establish and maintain, on behalf of the Certificateholders, the Capitalized Interest Account. On the Closing Date, Countrywide shall remit the aggregate Capitalized Interest Requirement to the Trustee for deposit in the Capitalized Interest Account. On each Distribution Account Deposit Date related to a Funding Period Distribution Date, upon satisfaction of the conditions for such Supplemental Transfer Date set forth in Section 2.01(e), with respect to the related Supplemental Transfer Agreement, the Trustee shall transfer from the Capitalized Interest Account to the Distribution Account an amount equal to the Capitalized Interest Requirement (which, to the extent required, may include investment earnings on amounts on deposit therein) with respect to the amount remaining in the Pre-Funding Account

for the related Distribution Date as identified by Countrywide in the Supplemental Transfer Agreement.

(i) If any funds remain in the Capitalized Interest Account at the end of the Funding Period, the Trustee shall make the transfer described in the preceding paragraph if necessary for the remaining Funding Period Distribution Date and the Trustee shall distribute any remaining funds in the Capitalized Interest Account to the order of the Depositor.

On each Distribution Date, the Trustee shall deposit into the Carryover Shortfall Reserve Fund all amounts otherwise distributable to the Class X-P IO-1 and Class X-P IO-2 Components on such Distribution Date.

The Trustee shall make withdrawals from the Carryover Shortfall Reserve Fund to make distributions pursuant to Section 4.02(a)(4). Upon the earlier of (i) the retirement of the LIBOR Certificates and (ii) the termination of the Trust Fund in accordance with Section 9.01, the Trustee shall distribute to the Depositor all monies remaining on deposit in the Carryover Shortfall Reserve Fund after making the distributions specified in Section 4.02(a)(4).

SECTION 3.06. Collection of Taxes, Assessments and Similar Items; Escrow Accounts.

(a) To the extent required by the related Mortgage Note and not violative of current law, the Master Servicer shall establish and maintain one or more accounts (each, an “*Escrow Account*”) and deposit and retain therein all collections from the Mortgagors (or advances by the Master Servicer) for the payment of taxes, assessments, hazard insurance premiums or comparable items for the account of the Mortgagors. Nothing in this Agreement shall require the Master Servicer to compel a Mortgagor to establish an Escrow Account in violation of applicable law.

(b) Withdrawals of amounts so collected from the Escrow Accounts may be made only to effect timely payment of taxes, assessments, hazard insurance premiums, condominium or PUD association dues, or comparable items, to reimburse the Master Servicer out of related collections for any payments made pursuant to Sections 3.01 (with respect to taxes and assessments and insurance premiums) and 3.09 (with respect to hazard insurance), to refund to any Mortgagors any sums determined to be overages, to pay interest, if required by law or the terms of the related Mortgage or Mortgage Note, to Mortgagors on balances in the Escrow Account or to clear and terminate the Escrow Account at the termination of this Agreement in accordance with Section 9.01. The Escrow Accounts shall not be a part of the Trust Fund.

(c) The Master Servicer shall advance any payments referred to in Section 3.06(a) that are not timely paid by the Mortgagors on the date when the tax, premium or other cost for which such payment is intended is due, but the Master Servicer shall be required so to advance only to the extent that such advances, in the good faith judgment of the Master Servicer, will be recoverable by the Master Servicer out of Insurance Proceeds, Liquidation Proceeds or otherwise.

SECTION 3.07. Access to Certain Documentation and Information Regarding the Mortgage Loans.

The Master Servicer shall afford each Seller, Ambac, the Depositor and the Trustee reasonable access to all records and documentation regarding the Mortgage Loans and all accounts, insurance information and other matters relating to this Agreement, such access being afforded without charge, but only upon reasonable request and during normal business hours at the office designated by the Master Servicer.

Upon reasonable advance notice in writing, the Master Servicer will provide to each Certificateholder and/or Certificate Owner that is a savings and loan association, bank or insurance company certain reports and reasonable access to information and documentation regarding the Mortgage Loans sufficient to permit such Certificateholder and/or Certificate Owner to comply with applicable regulations of the OTS or other regulatory authorities with respect to investment in the Certificates; provided that the Master Servicer shall be entitled to be reimbursed by each such Certificateholder and/or Certificate Owner for actual expenses incurred by the Master Servicer in providing such reports and access.

SECTION 3.08. Permitted Withdrawals from the Certificate Account; the Distribution Account and the Carryover Shortfall Reserve Fund.

(a) The Master Servicer may from time to time make withdrawals from the Certificate Account for the following purposes:

(i) to pay to the Master Servicer (to the extent not previously retained by the Master Servicer) the servicing compensation to which it is entitled pursuant to Section 3.14 and to pay to the Master Servicer, as additional servicing compensation, earnings on or investment income with respect to funds in or credited to the Certificate Account;

(ii) to reimburse each of the Master Servicer and the Trustee for unreimbursed Advances made by it, such right of reimbursement pursuant to this subclause (ii) being limited to amounts received on the Mortgage Loan(s) in respect of which any such Advance was made;

(iii) to reimburse each of the Master Servicer and the Trustee for any Nonrecoverable Advance previously made by it;

(iv) to reimburse the Master Servicer for Insured Expenses from the related Insurance Proceeds;

(v) to reimburse the Master Servicer for (a) unreimbursed Servicing Advances, the Master Servicer's right to reimbursement pursuant to this clause (a) with respect to any Mortgage Loan being limited to amounts received on such Mortgage Loan(s) that represent late recoveries of the payments for which such advances were made pursuant to Section 3.01 or Section 3.06 and (b) for unpaid Master Servicing Fees as provided in Section 3.11;

(vi) to pay to the purchaser, with respect to each Mortgage Loan or property acquired in respect thereof that has been purchased pursuant to Section 2.02, 2.03 or 3.11, all amounts received on such Mortgage Loan after the date of such purchase;

(vii) to reimburse the Sellers, the Master Servicer or the Depositor for expenses incurred by any of them and reimbursable pursuant to Section 6.03;

(viii) to withdraw any amount deposited in the Certificate Account and not required to be deposited in the Certificate Account;

(ix) on or prior to the Distribution Account Deposit Date, to withdraw an amount equal to the related Available Funds, the Prepayment Charges, the Master Servicer Prepayment Charge Amount, and the Trustee Fee for such Distribution Date and remit such amount to the Trustee for deposit in the Distribution Account; and

(x) to clear and terminate the Certificate Account upon termination of this Agreement pursuant to Section 9.01.

The Master Servicer shall keep and maintain separate accounting, on a Mortgage Loan by Mortgage Loan basis, for the purpose of justifying any withdrawal from the Certificate Account pursuant to such subclauses (i), (ii), (iv), (v) and (vi). Prior to making any withdrawal from the Certificate Account pursuant to subclause (iii), the Master Servicer shall deliver to the Trustee an Officer's Certificate of a Servicing Officer indicating the amount of any previous Advance determined by the Master Servicer to be a Nonrecoverable Advance and identifying the related Mortgage Loans(s), and their respective portions of such Nonrecoverable Advance.

(b) The Trustee shall withdraw funds from the Distribution Account for distributions to Certificateholders and Ambac, in the manner specified in this Agreement (and to withhold from the amounts so withdrawn, the amount of any taxes that it is authorized to withhold pursuant to the third paragraph of Section 8.11). In addition, the Trustee may from time to time make withdrawals from the Distribution Account for the following purposes:

(i) to pay to itself the Trustee Fee for the related Distribution Date;

(ii) to pay to the Master Servicer as additional servicing compensation, earnings on or the investment income with respect to funds in the Distribution Account;

(iii) to withdraw and return to the Master Servicer any amount deposited in the Distribution Account and not required to be deposited therein;

(iv) to reimburse the Trustee for any unreimbursed Advances made by it pursuant to Section 4.01(b) hereof, such right of reimbursement pursuant to this subclause (iv) being limited to (x) amounts received on the related Mortgage Loan(s) in respect of which any such Advance was made and (y) amounts not otherwise reimbursed to the Trustee pursuant to Section 3.08(a)(ii) hereof;

(v) to reimburse the Trustee for any Nonrecoverable Advance previously made by the Trustee pursuant to Section 4.01(b) hereof, such right of reimbursement

pursuant to this subclause (v) being limited to amounts not otherwise reimbursed to the Trustee pursuant to Section 3.08(a)(iii) hereof; and

(vi) to clear and terminate the Distribution Account upon termination of this Agreement pursuant to Section 9.01.

(c) The Trustee shall withdraw funds from the Carryover Shortfall Reserve Fund for distribution to the LIBOR Certificates and the Class X-P Certificates in the manner specified in Section 4.02(a)(4) (and to withhold from the amounts so withdrawn the amount of any taxes that it is authorized to retain pursuant to the third paragraph of Section 8.11). In addition, the Trustee may from time to time make withdrawals from the Carryover Shortfall Reserve Fund for the following purposes:

(i) to withdraw any amount deposited in the Carryover Shortfall Reserve Fund and not required to be deposited therein; and

(ii) to clear and terminate the Carryover Shortfall Reserve Fund upon the retirement of LIBOR Certificates and the Class X-P Certificates pursuant to Section 9.01.

(d) [Reserved].

(e) [Reserved].

SECTION 3.09. Maintenance of Hazard Insurance; Maintenance of Primary Insurance Policies.

(a) The Master Servicer shall cause to be maintained, for each Mortgage Loan, hazard insurance with extended coverage in an amount that is at least equal to the lesser of (i) the maximum insurable value of the improvements securing such Mortgage Loan or (ii) the greater of (y) the outstanding principal balance of the Mortgage Loan, including any Deferred Interest, and (z) an amount such that the proceeds of such policy shall be sufficient to prevent the Mortgagor and/or the mortgagee from becoming a co-insurer. Each such policy of standard hazard insurance shall contain, or have an accompanying endorsement that contains, a standard mortgagee clause. Any amounts collected by the Master Servicer under any such policies (other than the amounts to be applied to the restoration or repair of the related Mortgaged Property or amounts released to the Mortgagor in accordance with the Master Servicer's normal servicing procedures) shall be deposited in the Certificate Account. Any cost incurred by the Master Servicer in maintaining any such insurance shall not, for the purpose of calculating monthly distributions to the Certificateholders or remittances to the Trustee for their benefit, be added to the principal balance of the Mortgage Loan, notwithstanding that the terms of the Mortgage Loan so permit. Such costs shall be recoverable by the Master Servicer out of late payments by the related Mortgagor or out of the proceeds of liquidation of the Mortgage Loan or Subsequent Recoveries to the extent permitted by Section 3.08. It is understood and agreed that no earthquake or other additional insurance is to be required of any Mortgagor or maintained on property acquired in respect of a Mortgage other than pursuant to such applicable laws and regulations as shall at any time be in force and as shall require such additional insurance. If the Mortgaged Property is located at the time of origination of the Mortgage Loan in a federally designated special flood hazard area and such area is participating in the national flood insurance

program, the Master Servicer shall cause flood insurance to be maintained with respect to such Mortgage Loan. Such flood insurance shall be in an amount equal to the least of (i) the outstanding principal balance of the related Mortgage Loan, (ii) the replacement value of the improvements which are part of such Mortgaged Property, and (iii) the maximum amount of such insurance available for the related Mortgaged Property under the national flood insurance program.

(b) The Master Servicer shall not take any action which would result in non-coverage under any applicable Primary Insurance Policy of any loss which, but for the actions of the Master Servicer, would have been covered thereunder. The Master Servicer shall not cancel or refuse to renew any such Primary Insurance Policy that is in effect at the date of the initial issuance of the Certificates and is required to be kept in force hereunder unless the replacement Primary Insurance Policy for such canceled or non-renewed policy is maintained with a Qualified Insurer.

Except with respect to any Lender PMI Mortgage Loans, the Master Servicer shall not be required to maintain any Primary Insurance Policy (i) with respect to any Mortgage Loan with a Loan-to-Value Ratio less than or equal to 80% as of any date of determination or, based on a new appraisal, the principal balance of such Mortgage Loan represents 80% or less of the new appraised value or (ii) if maintaining such Primary Insurance Policy is prohibited by applicable law. With respect to the Lender PMI Mortgage Loans, the Master Servicer shall maintain the Primary Insurance Policy for the life of such Mortgage Loans, unless otherwise provided for in the related Mortgage Note or prohibited by law.

The Master Servicer agrees to effect the timely payment of the premiums on each Primary Insurance Policy, and such costs not otherwise recoverable shall be recoverable by the Master Servicer from the related proceeds of liquidation and Subsequent Recoveries.

(c) In connection with its activities as Master Servicer of the Mortgage Loans, the Master Servicer agrees to present on behalf of itself, the Trustee and Certificateholders, claims to the insurer under any Primary Insurance Policies and, in this regard, to take such reasonable action as shall be necessary to permit recovery under any Primary Insurance Policies respecting defaulted Mortgage Loans. Any amounts collected by the Master Servicer under any Primary Insurance Policies shall be deposited in the Certificate Account.

SECTION 3.10. Enforcement of Due-on-Sale Clauses; Assumption Agreements.

(a) Except as otherwise provided in this Section, when any property subject to a Mortgage has been conveyed by the Mortgagor, the Master Servicer shall to the extent that it has knowledge of such conveyance, enforce any due-on-sale clause contained in any Mortgage Note or Mortgage, to the extent permitted under applicable law and governmental regulations, but only to the extent that such enforcement will not adversely affect or jeopardize coverage under any Required Insurance Policy. Notwithstanding the foregoing, the Master Servicer is not required to exercise such rights with respect to a Mortgage Loan if the Person to whom the related Mortgaged Property has been conveyed or is proposed to be conveyed satisfies the terms and conditions contained in the Mortgage Note and Mortgage related thereto and the consent of the mortgagee under such Mortgage Note or Mortgage is not otherwise so required under such Mortgage Note or Mortgage as a condition to such transfer. In the event that the Master Servicer

is prohibited by law from enforcing any such due-on-sale clause, or if coverage under any Required Insurance Policy would be adversely affected, or if nonenforcement is otherwise permitted hereunder, the Master Servicer is authorized, subject to Section 3.10(b), to take or enter into an assumption and modification agreement from or with the person to whom such property has been or is about to be conveyed, pursuant to which such person becomes liable under the Mortgage Note and, unless prohibited by applicable state law, the Mortgagor remains liable thereon, provided that the Mortgage Loan shall continue to be covered (if so covered before the Master Servicer enters such agreement) by the applicable Required Insurance Policies. The Master Servicer, subject to Section 3.10(b), is also authorized with the prior approval of the insurers under any Required Insurance Policies to enter into a substitution of liability agreement with such Person, pursuant to which the original Mortgagor is released from liability and such Person is substituted as Mortgagor and becomes liable under the Mortgage Note. Notwithstanding the foregoing, the Master Servicer shall not be deemed to be in default under this Section by reason of any transfer or assumption which the Master Servicer reasonably believes it is restricted by law from preventing, for any reason whatsoever.

(b) Subject to the Master Servicer's duty to enforce any due-on-sale clause to the extent set forth in Section 3.10(a), in any case in which a Mortgaged Property has been conveyed to a Person by a Mortgagor, and such Person is to enter into an assumption agreement or modification agreement or supplement to the Mortgage Note or Mortgage that requires the signature of the Trustee, or if an instrument of release signed by the Trustee is required releasing the Mortgagor from liability on the Mortgage Loan, the Master Servicer shall prepare and deliver or cause to be prepared and delivered to the Trustee for signature and shall direct, in writing, the Trustee to execute the assumption agreement with the Person to whom the Mortgaged Property is to be conveyed and such modification agreement or supplement to the Mortgage Note or Mortgage or other instruments as are reasonable or necessary to carry out the terms of the Mortgage Note or Mortgage or otherwise to comply with any applicable laws regarding assumptions or the transfer of the Mortgaged Property to such Person. In connection with any such assumption, no material term of the Mortgage Note may be changed. In addition, the substitute Mortgagor and the Mortgaged Property must be acceptable to the Master Servicer in accordance with its underwriting standards as then in effect. Together with each such substitution, assumption or other agreement or instrument delivered to the Trustee for execution by it, the Master Servicer shall deliver an Officer's Certificate signed by a Servicing Officer stating that the requirements of this subsection have been met in connection therewith. The Master Servicer shall notify the Trustee that any such substitution or assumption agreement has been completed by forwarding to the Trustee the original of such substitution or assumption agreement, which in the case of the original shall be added to the related Mortgage File and shall, for all purposes, be considered a part of such Mortgage File to the same extent as all other documents and instruments constituting a part thereof. Any fee collected by the Master Servicer for entering into an assumption or substitution of liability agreement will be retained by the Master Servicer as additional servicing compensation.

SECTION 3.11. Realization Upon Defaulted Mortgage Loans; Repurchase of Certain Mortgage Loans.

(a) The Master Servicer shall use reasonable efforts to foreclose upon or otherwise comparably convert the ownership of properties securing such of the Mortgage Loans as come into and continue in default and as to which no satisfactory arrangements can be made for

collection of delinquent payments. In connection with such foreclosure or other conversion, the Master Servicer shall follow such practices and procedures as it shall deem necessary or advisable and as shall be normal and usual in its general mortgage servicing activities and meet the requirements of the insurer under any Required Insurance Policy; provided, however, that the Master Servicer shall not be required to expend its own funds in connection with any foreclosure or towards the restoration of any property unless it shall determine (i) that such restoration and/or foreclosure will increase the proceeds of liquidation of the Mortgage Loan after reimbursement to itself of such expenses and (ii) that such expenses will be recoverable to it through the proceeds of liquidation of the Mortgage Loan and Subsequent Recoveries (respecting which it shall have priority for purposes of withdrawals from the Certificate Account). The Master Servicer shall be responsible for all other costs and expenses incurred by it in any such proceedings; provided, however, that it shall be entitled to reimbursement of such costs and expenses from the proceeds of liquidation of the Mortgage Loan and Subsequent Recoveries with respect to the related Mortgaged Property, as provided in the definition of Liquidation Proceeds. If the Master Servicer has knowledge that a Mortgaged Property which the Master Servicer is contemplating acquiring in foreclosure or by deed in lieu of foreclosure is located within a one-mile radius of any site listed in the Expenditure Plan for the Hazardous Substance Clean Up Bond Act of 1984 or other site with environmental or hazardous waste risks known to the Master Servicer, the Master Servicer will, prior to acquiring the Mortgaged Property, consider such risks and only take action in accordance with its established environmental review procedures.

With respect to any REO Property, the deed or certificate of sale shall be taken in the name of the Trustee for the benefit of the Certificateholders, or its nominee, on behalf of the Certificateholders. The Trustee's name shall be placed on the title to such REO Property solely as the Trustee hereunder and not in its individual capacity. The Master Servicer shall ensure that the title to such REO Property references the Pooling and Servicing Agreement and the Trustee's capacity thereunder. Pursuant to its efforts to sell such REO Property, the Master Servicer shall either itself or through an agent selected by the Master Servicer protect and conserve such REO Property in the same manner and to such extent as is customary in the locality where such REO Property is located and may, incident to its conservation and protection of the interests of the Certificateholders, rent the same, or any part thereof, as the Master Servicer deems to be in the best interest of the Certificateholders for the period prior to the sale of such REO Property. The Master Servicer shall prepare for and deliver to the Trustee a statement with respect to each REO Property that has been rented showing the aggregate rental income received and all expenses incurred in connection with the maintenance of such REO Property at such times as is necessary to enable the Trustee to comply with the reporting requirements of the REMIC Provisions. The net monthly rental income, if any, from such REO Property shall be deposited in the Certificate Account no later than the close of business on each Determination Date. The Master Servicer shall perform the tax reporting and withholding required by sections 1445 and 6050J of the Code with respect to foreclosures and abandonments, the tax reporting required by section 6050H of the Code with respect to the receipt of mortgage interest from individuals and any tax reporting required by section 6050P of the Code with respect to the cancellation of indebtedness by certain financial entities, by preparing such tax and information returns as may be required, in the form required, and delivering the same to the Trustee for filing.

In the event that the Trust Fund acquires any Mortgaged Property as aforesaid or otherwise in connection with a default or imminent default on a Mortgage Loan, the Master Servicer shall dispose of such Mortgaged Property as soon as practicable in a manner that maximizes the Liquidation Proceeds thereof, but in no event later than three years after its acquisition by the Trust Fund. In that event, the Trustee shall have been supplied with an Opinion of Counsel to the effect that the holding by the Trust Fund of such Mortgaged Property subsequent to a three-year period, if applicable, will not result in the imposition of taxes on "prohibited transactions" of any REMIC hereunder as defined in section 860F of the Code or cause any REMIC hereunder to fail to qualify as a REMIC at any time that any Certificates are outstanding, and that the Trust Fund may continue to hold such Mortgaged Property (subject to any conditions contained in such Opinion of Counsel) after the expiration of such three-year period. Notwithstanding any other provision of this Agreement, no Mortgaged Property acquired by the Trust Fund shall be rented (or allowed to continue to be rented) or otherwise used for the production of income by or on behalf of the Trust Fund in such a manner or pursuant to any terms that would (i) cause such Mortgaged Property to fail to qualify as "foreclosure property" within the meaning of section 860G(a)(8) of the Code or (ii) subject any REMIC hereunder to the imposition of any federal, state or local income taxes on the income earned from such Mortgaged Property under section 860G(c) of the Code or otherwise, unless the Master Servicer has agreed to indemnify and hold harmless the Trust Fund with respect to the imposition of any such taxes.

In the event of a default on a Mortgage Loan one or more of whose obligor is not a United States Person, as that term is defined in section 7701(a)(30) of the Code, in connection with any foreclosure or acquisition of a deed in lieu of foreclosure (together, "foreclosure") in respect of such Mortgage Loan, the Master Servicer will cause compliance with the provisions of Treasury Regulation Section 1.1445-2(d)(3) (or any successor thereto) necessary to assure that no withholding tax obligation arises with respect to the proceeds of such foreclosure except to the extent, if any, that proceeds of such foreclosure are required to be remitted to the obligors on such Mortgage Loan.

The decision of the Master Servicer to foreclose on a defaulted Mortgage Loan shall be subject to a determination by the Master Servicer that the proceeds of such foreclosure would exceed the costs and expenses of bringing such a proceeding. The income earned from the management of any REO Properties, net of reimbursement to the Master Servicer for expenses incurred (including any property or other taxes) in connection with such management and net of unreimbursed Master Servicing Fees, Advances and Servicing Advances, shall be applied to the payment of principal of and interest on the related defaulted Mortgage Loans (with interest accruing as though such Mortgage Loans were still current) and all such income shall be deemed, for all purposes in this Agreement, to be payments on account of principal and interest on the related Mortgage Notes and shall be deposited into the Certificate Account. To the extent the net income received during any calendar month is in excess of the amount attributable to amortizing principal and accrued interest at the related Mortgage Rate on the related Mortgage Loan for such calendar month, such excess shall be considered to be a partial prepayment of principal of the related Mortgage Loan.

The proceeds from any liquidation of a Mortgage Loan, as well as any income from an REO Property, will be applied in the following order of priority: first, to reimburse the Master Servicer for any related unreimbursed Servicing Advances and Master Servicing Fees; second, to

reimburse the Master Servicer or the Trustee for any unreimbursed Advances; third, to reimburse the Certificate Account for any Nonrecoverable Advances (or portions thereof) that were previously withdrawn by the Master Servicer or the Trustee pursuant to Section 3.08(a)(iii) that related to such Mortgage Loan; fourth, to accrued and unpaid interest (to the extent no Advance has been made for such amount or any such Advance has been reimbursed) on the Mortgage Loan or related REO Property, at the Adjusted Net Mortgage Rate to the end of the Due Period concluding in the month in which such amounts are required to be distributed; and fifth, as a recovery of principal of the Mortgage Loan. Excess Proceeds, if any, from the liquidation of a Liquidated Mortgage Loan will be retained by the Master Servicer as additional servicing compensation pursuant to Section 3.14.

The Master Servicer, in its sole discretion, shall have the right to purchase for its own account from the Trust Fund any Mortgage Loan that is 151 days or more delinquent at a price equal to the Purchase Price; provided, however, that the Master Servicer may only exercise this right on or before the next to the last day of the calendar month in which such Mortgage Loan became 151 days delinquent (such month, the "**Eligible Repurchase Month**"); provided further, that any such Mortgage Loan that becomes current but thereafter becomes delinquent may be purchased by the Master Servicer pursuant to this Section in any ensuing Eligible Repurchase Month. The Master Servicer, in its sole discretion, shall also have the right to purchase for its own account from the Trust Fund at a price equal to the Purchase Price any Eligible EPD Protected Mortgage Loan. The Master Servicer's right to purchase any such Eligible EPD Protected Mortgage Loan shall expire on the 270th day following the date on which the related Mortgage Loan became an Eligible EPD Protected Mortgage Loan. The Purchase Price for any Mortgage Loan purchased under this Section 3.11 shall be deposited in the Certificate Account and the Trustee, upon receipt of a certificate from the Master Servicer in the form of Exhibit N to this Agreement, shall release or cause to be released to the purchaser of such Mortgage Loan the related Mortgage File and shall execute and deliver such instruments of transfer or assignment prepared by the purchaser of such Mortgage Loan, in each case without recourse, as shall be necessary to vest in the purchaser of such Mortgage Loan any Mortgage Loan released pursuant hereto and the purchaser of such Mortgage Loan shall succeed to all the Trustee's right, title and interest in and to such Mortgage Loan and all security and documents related thereto. Such assignment shall be an assignment outright and not for security. The purchaser of such Mortgage Loan shall thereupon own such Mortgage Loan, and all security and documents, free of any further obligation to the Trustee or the Certificateholders with respect thereto.

(b) Countrywide may agree to a modification of any Mortgage Loan (the "**Modified Mortgage Loan**") if (i) the modification is in lieu of a refinancing, (ii) the Mortgage Rate on the Modified Mortgage Loan is approximately a prevailing market rate for newly-originated mortgage loans having similar terms and (iii) Countrywide purchases the Modified Mortgage Loan from the Trust Fund as described below. Effective immediately after the modification, and, in any event, on the same Business Day on which the modification occurs, all interest of the Trustee in the Modified Mortgage Loan shall automatically be deemed transferred and assigned to Countrywide and all benefits and burdens of ownership thereof, including the right to accrued interest thereon from the date of modification and the risk of default thereon, shall pass to Countrywide. The Master Servicer shall promptly deliver to the Trustee a certification of a Servicing Officer to the effect that all requirements of this paragraph have been satisfied with

respect to the Modified Mortgage Loan. For federal income tax purposes, the Trustee shall account for such purchase as a prepayment in full of the Modified Mortgage Loan.

Countrywide shall deliver to the Master Servicer and the Master Servicer shall deposit the Purchase Price for any Modified Mortgage Loan in the Certificate Account pursuant to Section 3.05 within one Business Day after the purchase of the Modified Mortgage Loan. Upon receipt by the Trustee of written notification of any such deposit signed by a Servicing Officer, the Trustee shall release to Countrywide the related Mortgage File and shall execute and deliver such instruments of transfer or assignment, in each case without recourse, as shall be necessary to vest in Countrywide any Modified Mortgage Loan previously transferred and assigned pursuant hereto. Countrywide covenants and agrees to indemnify the Trust Fund against any liability for any "prohibited transaction" taxes and any related interest, additions, and penalties imposed on the Trust Fund established hereunder as a result of any modification of a Mortgage Loan effected pursuant to this subsection (b), any holding of a Modified Mortgage Loan by the Trust Fund or any purchase of a Modified Mortgage Loan by Countrywide (but such obligation shall not prevent Countrywide or any other appropriate Person from in good faith contesting any such tax in appropriate proceedings and shall not prevent Countrywide from withholding payment of such tax, if permitted by law, pending the outcome of such proceedings). Countrywide shall have no right of reimbursement for any amount paid pursuant to the foregoing indemnification, except to the extent that the amount of any tax, interest, and penalties, together with interest thereon, is refunded to the Trust Fund or Countrywide.

SECTION 3.12. Trustee to Cooperate; Release of Mortgage Files.

Upon the payment in full of any Mortgage Loan, or the receipt by the Master Servicer of a notification that payment in full will be escrowed in a manner customary for such purposes, the Master Servicer will immediately notify the Trustee by delivering, or causing to be delivered a "Request for Release" substantially in the form of Exhibit N of this Agreement. Upon receipt of such request, the Trustee shall promptly release the related Mortgage File to the Master Servicer, and the Trustee shall at the Master Servicer's direction execute and deliver to the Master Servicer the request for reconveyance, deed of reconveyance or release or satisfaction of mortgage or such instrument releasing the lien of the Mortgage in each case provided by the Master Servicer, together with the Mortgage Note with written evidence of cancellation on the Mortgage Note. The Master Servicer is authorized to cause the removal from the registration on the MERS® System of such Mortgage and to execute and deliver, on behalf of the Trustee and the Certificateholders or any of them, any and all instruments of satisfaction or cancellation or of partial or full release. Expenses incurred in connection with any instrument of satisfaction or deed of reconveyance shall be chargeable to the related Mortgagor. From time to time and as shall be appropriate for the servicing or foreclosure of any Mortgage Loan, including for such purpose, collection under any policy of flood insurance, any fidelity bond or errors or omissions policy, or for the purposes of effecting a partial release of any Mortgaged Property from the lien of the Mortgage or the making of any corrections to the Mortgage Note or the Mortgage or any of the other documents included in the Mortgage File, the Trustee shall, upon delivery to the Trustee of a Request for Release in the form of Exhibit M signed by a Servicing Officer, release the Mortgage File to the Master Servicer. Subject to the further limitations set forth below, the Master Servicer shall cause the Mortgage File or documents so released to be returned to the Trustee when the need therefor by the Master Servicer no longer exists, unless the Mortgage Loan is liquidated and the proceeds thereof are deposited in the Certificate Account, in which

case the Master Servicer shall deliver to the Trustee a Request for Release in the form of Exhibit N, signed by a Servicing Officer.

If the Master Servicer at any time seeks to initiate a foreclosure proceeding in respect of any Mortgaged Property as authorized by this Agreement, the Master Servicer shall deliver or cause to be delivered to the Trustee, for signature, as appropriate, any court pleadings, requests for trustee's sale or other documents necessary to effectuate such foreclosure or any legal action brought to obtain judgment against the Mortgagor on the Mortgage Note or the Mortgage or to obtain a deficiency judgment or to enforce any other remedies or rights provided by the Mortgage Note or the Mortgage or otherwise available at law or in equity.

SECTION 3.13. Documents, Records and Funds in Possession of Master Servicer to be Held for the Trustee.

Notwithstanding any other provisions of this Agreement, the Master Servicer shall transmit to the Trustee as required by this Agreement all documents and instruments in respect of a Mortgage Loan coming into the possession of the Master Servicer from time to time and shall account fully to the Trustee for any funds received by the Master Servicer or which otherwise are collected by the Master Servicer as Liquidation Proceeds, Insurance Proceeds or Subsequent Recoveries in respect of any Mortgage Loan. All Mortgage Files and funds collected or held by, or under the control of, the Master Servicer in respect of any Mortgage Loans, whether from the collection of principal and interest payments or from Liquidation Proceeds and any Subsequent Recoveries, including but not limited to, any funds on deposit in the Certificate Account, shall be held by the Master Servicer for and on behalf of the Trustee and shall be and remain the sole and exclusive property of the Trustee, subject to the applicable provisions of this Agreement. The Master Servicer also agrees that it shall not create, incur or subject any Mortgage File or any funds that are deposited in the Certificate Account, Distribution Account or any Escrow Account, or any funds that otherwise are or may become due or payable to the Trustee for the benefit of the Certificateholders, to any claim, lien, security interest, judgment, levy, writ of attachment or other encumbrance, or assert by legal action or otherwise any claim or right of setoff against any Mortgage File or any funds collected on, or in connection with, a Mortgage Loan, except, however, that the Master Servicer shall be entitled to set off against and deduct from any such funds any amounts that are properly due and payable to the Master Servicer under this Agreement.

SECTION 3.14. Servicing Compensation.

As compensation for its activities hereunder, the Master Servicer shall be entitled to retain or withdraw from the Certificate Account an amount equal to the Master Servicing Fee; provided, that the aggregate Master Servicing Fee with respect to any Distribution Date shall be reduced (i) by an amount equal to the aggregate of the Prepayment Interest Shortfalls, if any, with respect to such Distribution Date, but not to exceed the Compensating Interest for that Distribution Date, and (ii) with respect to the first Distribution Date, an amount equal to any amount to be deposited into the Distribution Account by the Depositor pursuant to Section 2.01(a) and not so deposited.

Additional servicing compensation in the form of Excess Proceeds, assumption fees, late payment charges and all income and gain net of any losses realized from Permitted Investments

shall be retained by the Master Servicer to the extent not required to be deposited in the Certificate Account pursuant to Section 3.05. The Master Servicer shall be required to pay all expenses incurred by it in connection with its master servicing activities hereunder (including payment of any premiums for hazard insurance and any Primary Insurance Policy and maintenance of the other forms of insurance coverage required by this Agreement) and shall not be entitled to reimbursement therefor except as specifically provided in this Agreement.

SECTION 3.15. Access to Certain Documentation.

The Master Servicer shall provide to the OTS and the FDIC and to comparable regulatory authorities supervising Certificateholders and/or Certificate Owners and the examiners and supervisory agents of the OTS, the FDIC and such other authorities, access to the documentation regarding the Mortgage Loans required by applicable regulations of the OTS and the FDIC. Such access shall be afforded without charge, but only upon reasonable and prior written request and during normal business hours at the offices designated by the Master Servicer. Nothing in this Section shall limit the obligation of the Master Servicer to observe any applicable law prohibiting disclosure of information regarding the Mortgagors and the failure of the Master Servicer to provide access as provided in this Section as a result of such obligation shall not constitute a breach of this Section.

SECTION 3.16. Annual Statement as to Compliance.

(a) The Master Servicer shall deliver to the Depositor and the Trustee on or before March 15 of each year, commencing with its 2007 fiscal year, an Officer's Certificate stating, as to the signer thereof, that (i) a review of the activities of the Master Servicer during the preceding calendar year (or applicable portion thereof) and of the performance of the Master Servicer under this Agreement has been made under such officer's supervision and (ii) to the best of such officer's knowledge, based on such review, the Master Servicer has fulfilled all its obligations under this Agreement in all material respects throughout such year (or applicable portion thereof), or, if there has been a failure to fulfill any such obligation in any material respect, specifying each such failure known to such officer and the nature and status thereof.

(b) The Master Servicer shall cause each Subservicer to deliver to the Depositor and the Trustee on or before March 15 of each year, commencing with its 2007 fiscal year, an Officer's Certificate stating, as to the signer thereof, that (i) a review of the activities of such Subservicer during the preceding calendar year (or applicable portion thereof) and of the performance of the Subservicer under the applicable Subservicing Agreement or primary servicing agreement, has been made under such officer's supervision and (ii) to the best of such officer's knowledge, based on such review, such Subservicer has fulfilled all its obligations under the applicable Subservicing Agreement or primary servicing agreement, in all material respects throughout such year (or applicable portion thereof), or, if there has been a failure to fulfill any such obligation in any material respect, specifying each such failure known to such officer and the nature and status thereof.

(c) The Trustee shall forward a copy of each such statement to Ambac and each Rating Agency.

SECTION 3.17. Errors and Omissions Insurance; Fidelity Bonds.

The Master Servicer shall for so long as it acts as master servicer under this Agreement, obtain and maintain in force (a) a policy or policies of insurance covering errors and omissions in the performance of its obligations as Master Servicer hereunder and (b) a fidelity bond in respect of its officers, employees and agents. Each such policy or policies and bond shall, together, comply with the requirements from time to time of FNMA or FHLMC for persons performing servicing for mortgage loans purchased by FNMA or FHLMC. In the event that any such policy or bond ceases to be in effect, the Master Servicer shall obtain a comparable replacement policy or bond from an insurer or issuer, meeting the requirements set forth above as of the date of such replacement.

SECTION 3.18. Notification of Adjustments.

On each Adjustment Date, the Master Servicer shall make interest rate and/or monthly payment adjustments for each Mortgage Loan in compliance with the requirements of the related Mortgage and Mortgage Note and applicable regulations. The Master Servicer shall execute and deliver the notices required by each Mortgage and Mortgage Note and applicable regulations regarding interest rate and/or monthly payment adjustments. The Master Servicer also shall provide timely notification to the Trustee of all applicable data and information regarding such interest rate or monthly payment adjustments and the Master Servicer's methods of implementing such adjustments. Upon the discovery by the Master Servicer or the Trustee that the Master Servicer has failed to adjust or has incorrectly adjusted a Mortgage Rate or a monthly payment pursuant to the terms of the related Mortgage Note and Mortgage, the Master Servicer shall immediately deposit in the Certificate Account from its own funds the amount of any interest and/or principal loss caused thereby without reimbursement therefor; provided, however, the Master Servicer shall be held harmless with respect to any interest rate and/or monthly payment adjustments made by any servicer prior to the Master Servicer.

SECTION 3.19. [Reserved].

SECTION 3.20. Prepayment Charges.

(a) Notwithstanding anything in this Agreement to the contrary, in the event of a Principal Prepayment in full or in part of a Mortgage Loan, the Master Servicer may not waive any Prepayment Charge or portion thereof required by the terms of the related Mortgage Note unless (i) such Mortgage Loan is in default or the Master Servicer believes that such a default is imminent and the Master Servicer determines that such waiver would maximize recovery of Liquidation Proceeds for such Mortgage Loan, taking into account the value of such Prepayment Charge, or (ii) (A) the enforceability thereof is limited (1) by bankruptcy, insolvency, moratorium, receivership, or other similar law relating to creditors' rights generally or (2) due to acceleration in connection with a foreclosure or other involuntary payment, or (B) the enforceability is otherwise limited or prohibited by applicable law. In the event of a Principal Prepayment in full or in part with respect to any Mortgage Loan, the Master Servicer shall deliver to the Trustee an Officer's Certificate no later than the third Business Day following the immediately succeeding Determination Date with a copy to the Class X-P Certificateholders. If the Master Servicer has waived or does not collect all or a portion of a Prepayment Charge relating to a Principal Prepayment in full or in part due to any action or omission of the Master

Servicer, other than as provided above, the Master Servicer shall deliver to the Trustee, together with the Principal Prepayment in full or in part, the amount of such Prepayment Charge (or such portion thereof as had been waived) for deposit into the Certificate Account (not later than 1:00 p.m. Pacific time on the immediately succeeding Master Servicer Advance Date, in the case of such Prepayment Charge) for distribution in accordance with the terms of this Agreement.

(b) Upon discovery by the Master Servicer or a Responsible Officer of the Trustee of a breach of the foregoing subsection (a), the party discovering the breach shall give prompt written notice to the other parties.

(c) Countrywide represents and warrants to the Depositor and the Trustee, as of the Closing Date, that the information in the Prepayment Charge Schedule (including the attached prepayment charge summary) is complete and accurate in all material respects at the dates as of which the information is furnished and each Prepayment Charge is permissible and enforceable in accordance with its terms under applicable state law, except as the enforceability thereof is limited due to acceleration in connection with a foreclosure or other involuntary payment.

(d) Upon discovery by the Master Servicer or a Responsible Officer of the Trustee of a breach of the foregoing clause (c) that materially and adversely affects the right of the Holders of the Class X-P Certificates to any Prepayment Charge, the party discovering the breach shall give prompt written notice to the other parties. Within 60 days of the earlier of discovery by Countrywide or receipt of notice by Countrywide of breach, Countrywide shall cure the breach in all material respects or shall pay to the Master Servicer which shall deposit such amount into the Certificate Account the amount of the Prepayment Charge that would otherwise be due from the Mortgagor, less any amount representing such Prepayment Charge previously collected and paid by the Master Servicer into the Certificate Account.

ARTICLE IV
DISTRIBUTIONS AND
ADVANCES BY THE MASTER SERVICER

SECTION 4.01. Advances.

(a) The Master Servicer shall determine on or before each Master Servicer Advance Date whether it is required to make an Advance pursuant to the definition thereof. If the Master Servicer determines it is required to make an Advance, it shall, on or before the Master Servicer Advance Date, either (i) deposit into the Certificate Account an amount equal to the Advance or (ii) make an appropriate entry in its records relating to the Certificate Account that any Amount Held for Future Distribution has been used by the Master Servicer in discharge of its obligation to make any such Advance. Any funds so applied shall be replaced by the Master Servicer by deposit in the Certificate Account no later than the close of business on the next Master Servicer Advance Date. The Master Servicer shall be entitled to be reimbursed from the Certificate Account for all Advances of its own funds made pursuant to this Section as provided in Section 3.08. The obligation to make Advances with respect to any Mortgage Loan shall continue if such Mortgage Loan has been foreclosed or otherwise terminated and the related Mortgaged Property has not been liquidated.

(b) If the Master Servicer determines that it will be unable to comply with its obligation to make the Advances as and when described in the second sentence of Section 4.01(a), the Master Servicer shall use its best efforts to give written notice thereof to the Trustee (each such notice a "**Trustee Advance Notice**"; and such notice may be given by telecopy), not later than 3:00 P.M., New York time, on the Business Day immediately preceding the related Master Servicer Advance Date, specifying the amount that will not be deposited by the Master Servicer (each such amount an "**Advance Deficiency**") and certifying that such Advance Deficiency constitutes an Advance hereunder and is not a Nonrecoverable Advance. If the Trustee receives a Trustee Advance Notice on or before 3:30 P.M., New York time on a Master Servicer Advance Date, the Trustee shall, not later than 3:00 P.M., New York time, on the related Distribution Date, deposit in the Distribution Account an amount equal to the Advance Deficiency identified in such Trustee Advance Notice unless it is prohibited from so doing by applicable law. Notwithstanding the foregoing, the Trustee shall not be required to make such deposit if the Trustee shall have received written notification from the Master Servicer that the Master Servicer has deposited or caused to be deposited in the Certificate Account an amount equal to such Advance Deficiency. All Advances made by the Trustee pursuant to this Section 4.01(b) shall accrue interest on behalf of the Trustee at the Trustee Advance Rate from and including the date such Advances are made to but excluding the date of repayment, with such interest being an obligation of the Master Servicer and not the Trust Fund. The Master Servicer shall reimburse the Trustee for the amount of any Advance made by the Trustee pursuant to this Section 4.01(b) together with accrued interest, not later than the fifth day following the related Master Servicer Advance Date. In the event that the Master Servicer does not reimburse the Trustee in accordance with the requirements of the preceding sentence, the Trustee shall have the right, but not the obligation, to immediately (a) terminate all of the rights and obligations of the Master Servicer under this Agreement in accordance with Section 7.01 and (b) subject to the limitations set forth in Section 3.04, assume all of the rights and obligations of the Master Servicer hereunder.

(c) The Master Servicer shall, not later than the close of business on the second Business Day immediately preceding each Distribution Date, deliver to the Trustee a report (in form and substance reasonably satisfactory to the Trustee) that indicates (i) the Mortgage Loans with respect to which the Master Servicer has determined that the related Scheduled Payments should be advanced and (ii) the amount of the related Scheduled Payments. The Master Servicer shall deliver to the Trustee on the related Master Servicer Advance Date an Officer's Certificate of a Servicing Officer indicating the amount of any proposed Advance determined by the Master Servicer to be a Nonrecoverable Advance.

SECTION 4.02. Priorities of Distribution.

(a) (1) On each Distribution Date, the Trustee shall withdraw the Available Funds from the Distribution Account and apply such funds to distributions to Ambac and on the specified Classes and Components of Certificates in the following order and priority and, in each case, to the extent of such funds remaining:

(i) to Ambac in accordance with the instructions set forth in Section 5.01, an amount equal to the Class A-3A Premium;

(ii) concurrently, to each interest-bearing Class and Component of Senior Certificates (including the Class X-P IO-1 and Class X-P IO-2 Components), an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Distribution Date, any shortfall being allocated among such Classes and Components in proportion to the amount of the Class Optimal Interest Distribution Amount that would have been distributed in the absence of such shortfall; provided, however, that the amount of interest otherwise distributable to the Class X-P IO-1 and Class X-P IO-2 Components shall be deposited into the Carryover Shortfall Reserve Fund and shall be distributed in accordance with Section 4.02(a)(4);

(iii) [Reserved];

(iv) to each Class of Senior Certificates and the Class X-P PO-1 and Class X-P PO-2 Components, concurrently as follows:

(x) [Reserved]; and

(y) the Principal Amount, up to the amount of the Senior Principal Distribution Amount for such Distribution Date will be distributed, sequentially as follows:

(A) first, to the Class A-R Certificates, until its Class Certificate Balance is reduced to zero;

(B) second, concurrently, to the Class A-1, Class A-2, Class A-3A, Class A-3B, Class A-4 and Class A-5 Certificates and the Class X-P PO-1 and Class X-P PO-2 Components, pro rata, until their respective Class Certificate Balances or Component Principal Balances, as applicable, are reduced to zero.

(2) [Reserved].

(3) On each Distribution Date, Available Funds remaining after making the distributions described in Section 4.02(a)(1) above, shall be distributed to Ambac, the Subordinated Certificates and the Class A-R Certificates in the following order and priority and, in each case, to the extent of such funds remaining:

(A) to Ambac, the Reimbursement Amount;

(B) to the Class M-1 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(C) to the Class M-1 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(D) to the Class M-2 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(E) to the Class M-2 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(F) to the Class M-3 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(G) to the Class M-3 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(H) to the Class M-4 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(I) to the Class M-4 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(J) to the Class M-5 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(K) to the Class M-5 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(L) to the Class M-6 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(M) to the Class M-6 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(N) to the Class M-7 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(O) to the Class M-7 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(P) to the Class M-8 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(Q) to the Class M-8 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(R) to the Class M-9 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(S) to the Class M-9 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(T) to the Class M-10 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(U) to the Class M-10 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(V) to the Class B-1 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(W) to the Class B-1 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(X) to the Class B-2 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(Y) to the Class B-2 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(Z) to the Class B-3 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(AA) to the Class B-3 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero; and

(BB) to the Class A-R Certificates, any remaining funds in the Trust Fund.

(4) On each Distribution Date, any amounts deposited in the Carryover Shortfall Reserve Fund shall be distributed by the Trustee as follows:

(i) [Reserved].

(ii) from amounts otherwise distributable to the Class X-P IO-1 Component on such Distribution Date, sequentially, as follows:

(A) concurrently, to the Classes of LIBOR Certificates that are Senior Certificates, pro rata, based on their respective Class Certificate Balances, in an amount up to such Class' Carryover Shortfall Amounts remaining unpaid for such Distribution Date;

(B) concurrently, to the Classes of LIBOR Certificates that are Senior Certificates, pro rata, based on their respective Carryover Shortfall Amounts for such Distribution Date not paid pursuant to clause (A) above, in an amount up to such Class' Carryover Shortfall Amounts remaining unpaid for such Distribution Date; and

(C) to the Class X-P Certificates;

(iv) from amounts otherwise distributable to the Class X-P IO-2 Component on such Distribution Date, sequentially, as follows:

(A) concurrently, to the Classes of Subordinated Certificates, pro rata, based on their respective Class Certificate Balances, in an amount up to such Class' Carryover Shortfall Amounts remaining unpaid for such Distribution Date;

(B) concurrently, to the Classes of Subordinated Certificates, pro rata, based on their respective Carryover Shortfall Amounts for such

Distribution Date not paid pursuant to clause (A) above, in an amount up to such Class' Carryover Shortfall Amounts remaining unpaid for such Distribution Date; and

(C) to the Class X-P Certificates.

(5) On each Distribution Date, all amounts representing Prepayment Charges received during the related Prepayment Period with respect to the Mortgage Loans (including all related Master Servicer Prepayment Charge Amounts deposited pursuant to Section 3.20) will be distributed to the Holders of the Class X-P Certificates.

(b) [Reserved].

(c) Ambac shall be fully subrogated to the rights of each Holder of the Class A-3A Certificates to receive distributions of principal and interest according to Section 4.02(a) on the Class A-3A Certificates to the extent Ambac makes payments, directly or indirectly, on the account of principal or interest on any Class A-3A Certificates under the Class A-3A Policy. To the extent that Ambac has paid any amounts with respect to interest and principal, Ambac will be subrogated to the rights of each Holder of the Class A-3A Certificates with respect to such amounts and Ambac, as subrogee, will be entitled to those amounts on a pro rata basis with the Class A-3A Certificateholders.

(d) On each Distribution Date, the amount referred to in clause (i) of the definition of Class Optimal Interest Distribution Amount for each Class of Certificates or Component thereof for such Distribution Date shall be reduced for each Class of Certificates or Component thereof by the Class' Allocable Share of (A) the Net Prepayment Interest Shortfalls, (B) with respect to each Mortgage Loan that became subject to a Debt Service Reduction during the calendar month preceding the month of such Distribution Date, the interest portion of the related Debt Service Reduction and (C) each Relief Act Reduction for the Mortgage Loans incurred during the calendar month preceding the month of such Distribution Date.

(e) Notwithstanding the priority and allocation contained in Section 4.02(a)(3), if, on any Distribution Date, with respect to any Class of Subordinated Certificates (other than the Class of Subordinated Certificates then outstanding with the highest priority of distribution), the sum of the related Class Subordination Percentages of such Class and of all Classes of Subordinated Certificates which have a lower distribution priority than such Class (the "**Applicable Credit Support Percentage**") is less than the Original Applicable Credit Support Percentage for such Class, no distribution of Net Prepayments will be made to any such Classes (the "**Restricted Classes**") and the amount of such Net Prepayments otherwise distributable to the Restricted Classes shall be distributed to any Classes of Subordinated Certificates having higher distribution priorities than such Class, pro rata, based on their respective Class Certificate Balances immediately prior to such Distribution Date and shall be distributed in the sequential order provided in Section 4.02(a)(3). Notwithstanding anything in this Agreement to the contrary, the Class of Subordinated Certificates then outstanding with the highest distribution priority shall not be a Restricted Class.

(f) If Subsequent Recoveries have been received with respect to a Liquidated Mortgage Loan, the amount of such Subsequent Recoveries will be applied sequentially, in the order of

payment priority, to increase the Class Certificate Balance or Component Principal Balance of each Class of Certificates or Component thereof to which Realized Losses have been allocated, but in each case by not more than the amount of Realized Losses previously allocated to that Class of Certificates or Component pursuant to Section 4.04; *provided, however*, that such amount otherwise payable on the Class A-3A Certificates shall be paid to Ambac to the extent the amount of the related Realized Loss was paid to the holders of the Class A-3A Certificates under the Class A-3A Policy. Holders of such Certificates will not be entitled to any payment in respect of the Class Optimal Interest Distribution Amount on the amount of such increases for any Interest Accrual Period preceding the Distribution Date on which such increase occurs. Any such increases shall be applied pro rata to the Certificate Balance or Component Principal Balance of each Certificate of such Class or Component thereof.

SECTION 4.03. Allocation of Net Deferred Interest.

(a) For any Distribution Date, the Senior Percentage of the Net Deferred Interest will be allocated among the Senior Certificates and the Subordinated Percentage of the Net Deferred Interest will be allocated to the Subordinated Certificates. Among the Senior Certificates or the Subordinated Certificates, as applicable, the Net Deferred Interest allocated to a Class of Certificates shall be an amount equal to the excess, if any, of (i) the amount of interest that accrued on such Class of Certificates or its related Notional Amount Components at its respective Pass-Through Rate during the Interest Accrual Period related to that Distribution Date over (ii) the amount of interest that accrued on such Class of Certificates or its related Notional Amount Components at the related Adjusted Rate Cap during the Interest Accrual Period related to that Distribution Date.

(b) Any Net Deferred Interest allocated to a Class of Certificates will be added to the Class Certificate Balance of such Class of Certificates, except that in the case of a Class of Component Certificates, the amount of Net Deferred Interest allocated to a Notional Amount Component shall be added to the Component Principal Balance of the related Principal Only Component.

SECTION 4.04. Allocation of Realized Losses.

(a) On or prior to each Determination Date, the Trustee shall determine the total amount of Realized Losses, with respect to the related Distribution Date.

Realized Losses with respect to any Distribution Date shall be allocated as follows:

(i) [Reserved];

(ii) Any Realized Loss on the Mortgage Loans shall be allocated *first*, to the Subordinated Certificates, in reverse order of their respective distribution priorities (beginning with the Subordinated Certificates then outstanding with the lowest distribution priority) until the respective Class Certificate Balance of each such Class is reduced to zero, *second*, to the Classes of Senior Certificates or the PO Components thereof in the case of a Class of Component Certificates, pro rata, on the basis of their respective Class Certificate Balances or Component Principal Balances, as applicable, immediately prior to the related Distribution Date until the respective Class Certificate

Balance or Component Principal Balance, as applicable, of each such Class is reduced to zero, provided, however, that any Realized Losses otherwise allocable to:

- the Class A-1 and Class A-2 Certificates shall be allocated first, to the Class A-3A and Class A-3B Certificates, on a pro rata basis, until their respective Class Certificate Balances have been reduced to zero, and second, to the Class A-2 Certificates until its Class Certificate Balance is reduced to zero, and
- the Class A-5 Certificates shall be allocated to the Class A-4 Certificates until its Class Certificate Balance is reduced to zero.

For the avoidance of doubt, the Class M-1 Certificates have a higher distribution priority than each other Class of Subordinated Certificates.

(b) The Class Certificate Balance of the Class of Subordinated Certificates then outstanding with the lowest distribution priority shall be reduced on each Distribution Date by the amount, if any, by which the aggregate Class Certificate Balance of all outstanding Classes of Certificates (after giving effect to the distribution of principal and the allocation of Net Deferred Interest and Realized Losses on such Distribution Date) exceeds the Pool Stated Principal Balance as of the last day of the Due Period related to such Distribution Date.

(c) Any Realized Loss allocated to a Class of Certificates or any reduction in the Class Certificate Balance of a Class of Certificates pursuant to Section 4.04(b) above shall be allocated among the Certificates of such Class in proportion to their respective Certificate Balances.

(d) Any allocation of Realized Losses to a Certificate or to any Component or any reduction in the Certificate Balance of a Certificate, pursuant to Section 4.04(b) above shall be accomplished by reducing the Certificate Balance or Component Principal Balance, as applicable, immediately following the distributions made on the related Distribution Date in accordance with the definition of "Certificate Balance" or "Component Principal Balance," as the case may be.

SECTION 4.05. [Reserved.]

SECTION 4.06. Monthly Statements to Certificateholders.

(a) Concurrently with each distribution on a Distribution Date, the Trustee will forward by mail to each Rating Agency and make available to Certificateholders and Ambac on the Trustee's website (<http://www.bnyinvestorreporting.com>) a statement generally setting forth the information contained in Exhibit Q hereto.

(b) The Trustee's responsibility for disbursing the above information to the Certificateholders and Ambac is limited to the availability, timeliness and accuracy of the information provided by the Master Servicer.

(c) On or before the fifth Business Day following the end of each Prepayment Period (but in no event later than the third Business Day prior to the related Distribution Date), the

Master Servicer shall deliver to the Trustee (which delivery may be by electronic data transmission) a report in substantially the form set forth as Schedule VI to this Agreement.

(d) Within a reasonable period of time after the end of each calendar year, the Trustee shall cause to be furnished to each Person who at any time during the calendar year was a Certificateholder, a statement containing the aggregate principal distributions, aggregate interest distributions and aggregate Master Servicing Fees paid to or retained by the Master Servicer for such calendar year or applicable portion thereof during which such Person was a Certificateholder. Such obligation of the Trustee shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Trustee pursuant to any requirements of the Code as from time to time in effect.

SECTION 4.07. Policy Matters.

(a) If, on the third Business Day before any Distribution Date, the Trustee determines that the Available Funds for such Distribution Date distributable to the Holders of the Class A-3A Certificates pursuant to Section 4.02 will be insufficient to pay the Insured Amount on such Distribution Date, the Trustee shall determine the amount of any such deficiency and shall give notice to Ambac, if any, by telephone or telecopy of the amount of such deficiency, confirmed in writing by notice substantially in the form of Exhibit A to the Class A-3A Policy by 12:00 noon, New York City time on such third Business Day. The Class A-3A Policy will not cover any reduction in the amount of current interest payable due to the Pass-Through Rate of such Certificates exceeding the Adjusted Cap Rate for the Class A-3A Certificates on such Distribution Date.

(b) In the event the Trustee receives a certified copy of an order of the appropriate court that any scheduled payment of principal or interest on a Class A-3A Certificate has been voided in whole or in part as a preference payment under applicable bankruptcy law, the Trustee shall (i) promptly notify Ambac, and (ii) comply with the provisions of the Class A-3A Policy to obtain payment by Ambac of such voided scheduled payment. In addition, the Trustee shall mail notice to all Holders of the Class A-3A Certificates so affected that, in the event that any such Holder's scheduled payment is so recovered, such Holder will be entitled to payment pursuant to the terms of the Class A-3A Policy a copy of which shall be made available to such Holders by the Trustee. The Trustee shall furnish to Ambac, if any, its records listing the payments on the affected Class A-3A Certificates, if any, that have been made by the Trustee and subsequently recovered from the affected Holders, and the dates on which such payments were made by the Trustee.

(c) At the time of the execution hereof, and for the purposes hereof, the Trustee shall establish a separate special purpose trust account in the name of the Trustee for the benefit of Holders of the Class A-3A Certificates (the "Class A-3A Policy Payments Account") over which the Trustee shall have exclusive control and sole right of withdrawal. The Class A-3A Policy Payments Account shall be an Eligible Account. The Trustee shall deposit any amount paid under the Class A-3A Policy into the Class A-3A Policy Payments Account and distribute such amount only for the purposes of making the payments to Holders of the Class A-3A Certificates in respect of the Insured Amount for which the related claim was made under the Class A-3A Policy. Such amounts shall be allocated by the Trustee to Holders of Class A-3A Certificates affected by such shortfalls in the same manner as principal and interest payments are to be

allocated with respect to such Certificates pursuant to Section 4.02. It shall not be necessary for such payments to be made by checks or wire transfers separated from the checks or wire transfers used to make regular payments hereunder with funds withdrawn from the Distribution Account. However, any payments made on the Class A-3A Certificates from funds in the Class A-3A Policy Payments Account shall be noted as provided in subsection (e) below. Funds held in the Class A-3A Policy Payments Account shall not be invested by the Trustee.

(d) Any funds received from Ambac for deposit into the Class A-3A Policy Payments Account pursuant to the Class A-3A Policy in respect of a Distribution Date or otherwise as a result of any claim under the Class A-3A Policy shall be applied by the Trustee directly to the payment in full (i) of the Insured Amount due on such Distribution Date on the Class A-3A Certificates, or (ii) of other amounts payable under the Class A-3A Policy. Funds received by the Trustee as a result of any claim under the Class A-3A Policy shall be used solely for payment to the Holders of the Class A-3A Certificates and may not be applied for any other purpose, including, without limitation, satisfaction of any costs, expenses or liabilities of the Trustee, the Master Servicer or the Trust Fund. Any funds remaining in the Class A-3A Policy Payments Account on the first Business Day after each Distribution Date shall be remitted promptly to Ambac in accordance with the instructions set forth in Section 5.01.

(e) The Trustee shall keep complete and accurate records in respect of (i) all funds remitted to it by Ambac and deposited into the Class A-3A Policy Payments Account and (ii) the allocation of such funds to (A) payments of interest on and principal in respect of any Class A-3A Certificates, (B) Realized Losses allocated to the Class A-3A Certificates and (C) the amount of funds available to make distributions on the Class A-3A Certificates pursuant to Section 4.02. Ambac shall have the right to inspect such records at reasonable times during normal business hours upon three Business Days' prior notice to the Trustee.

(f) The Trustee acknowledges, and each Holder of a Class A-3A Certificate by its acceptance of the Class A-3A Certificate agrees, that, without the need for any further action on the part of Ambac or the Trustee, to the extent Ambac makes payments, directly or indirectly, on account of principal of or interest on any Class A-3A Certificates, Ambac will be fully subrogated to the rights of the Holders of such Class A-3A Certificates to receive such principal and interest from the Trust Fund. The Holders of the Class A-3A Certificates, by acceptance of the Class A-3A Certificates, assign their rights as Holders of the Class A-3A Certificates to the extent of Ambac's interest with respect to amounts paid under the Class A-3A Policy. Anything herein to the contrary notwithstanding, solely for purposes of determining Ambac's rights, as applicable, as subrogee for payments distributable pursuant to Section 4.02, any payment with respect to distributions to the Class A-3A Certificates which is made with funds received pursuant to the terms of the Class A-3A Policy, shall not be considered payment of the Class A-3A Certificates from the Trust Fund and shall not result in the distribution or the provision for the distribution in reduction of the Class Certificate Balance of the Class A-3A Certificates within the meaning of Article IV.

(g) Upon its becoming aware of the occurrence of an Event of Default, the Trustee shall promptly notify Ambac of such Event of Default.

(h) The Trustee shall promptly notify Ambac of either of the following as to which it has actual knowledge: (A) the commencement of any proceeding by or against the Depositor

commenced under the United States bankruptcy code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") and (B) the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer (a "Preference Claim") of any distribution made with respect to the Class A-3A Certificates as to which it has actual knowledge. Each Holder of a Class A-3A Certificate, by its purchase of Class A-3A Certificates, and the Trustee hereby agrees that Ambac (so long as no Ambac Default exists) may at any time during the continuation of any proceeding relating to a Preference Claim direct all matters relating to such Preference Amount, including, without limitation, (i) the direction of any appeal of any order relating to any Preference Amount and (ii) the posting of any surety, supersedeas or performance bond pending any such appeal. In addition and without limitation of the foregoing, Ambac shall be subrogated to the rights of the Trustee and each Holder of a Class A-3A Certificate in the conduct of any Preference Claim, including, without limitation, all rights of any party to an adversary proceeding action with respect to any court order issued in connection with any such Preference Claim.

(i) The Master Servicer shall designate an Ambac Contact Person who shall be available to Ambac upon Ambac's request to provide reasonable access to information regarding the Mortgage Loans.

(j) The Trustee shall surrender the Class A-3A Policy to Ambac for cancellation upon the reduction of the Class Certificate Balance of the Class A-3A Certificates to zero.

(k) The Trustee shall send to Ambac the reports prepared pursuant to Sections 3.16 and 11.07 and the statements prepared pursuant to Section 4.06, as well as any other statements or communications sent to Holders of the Class A-3A Certificates, in each case at the same time such reports, statements and communications are otherwise sent.

(l) For so long as there is no continuing default by Ambac under its obligations under the Class A-3A Policy (an "Ambac Default"), each Holder of a Class A-3A Certificate agrees that Ambac shall be treated by the Depositor, the Master Servicer and the Trustee as if Ambac were the Holder of all of the Class A-3A Certificates for the purpose (and solely for the purpose) of the giving of any consent, the making of any direction or the exercise of any voting or other control rights otherwise given to the Holders of the Class A-3A Certificates hereunder.

(m) With respect to this Section 4.07, (i) the terms "Receipt" and "Received" shall mean actual delivery to Ambac and the Fiscal Agent, if any, if any, prior to 12:00 noon, New York City time, on a Business Day; delivery either on a day that is not a Business Day or after 12:00 noon, New York City time, shall be deemed to be Receipt on the next succeeding Business Day. If any notice or certificate given under the Class A-3A Policy by the Trustee is not in proper form or is not properly completed, executed or delivered, or contains any misstatement, it shall be deemed not to have been Received. Ambac, if any, shall promptly so advise the Trustee and the Trustee may submit an amended notice and (ii) "Business Day" means any day other than (A) a Saturday or Sunday or (B) a day on which Ambac or banking institutions in the City of New York, New York, or the city in which the Corporate Trust Office of the Trustee is located, are authorized or obligated by law or executive order to be closed.

(n) Under the terms of the Class A-3A Policy, Insured Amounts will not include, and the Class A-3A Policy will not cover interest shortfalls due to any Net Prepayment Interest

Shortfalls, Relief Act Reductions, Debt Service Reductions, Net Interest Shortfalls, Carryover Shortfall Amounts or any taxes, withholding or other charges imposed by any governmental authority.

SECTION 4.08. Determination of Pass-Through Rates for LIBOR Certificates.

(a) On each Interest Determination Date so long as any LIBOR Certificates are outstanding, the Trustee will determine LIBOR on the basis of the rate for one-month deposits in U.S. dollars quoted on the Bloomberg Terminal for such LIBOR Determination Date.

(b) If on any Interest Determination Date, LIBOR cannot be determined as provided in paragraph (a) of this Section 4.08, the Trustee shall determine LIBOR on the basis of the British Bankers' Association ("BBA") "Interest Settlement Rate" for one-month deposits in U.S. dollars as found on Telerate page 3750 as of 11:00 a.m. London time on each LIBOR Determination Date. "Telerate Page 3750" means the display page currently so designated on the Moneyline Telerate Service (formerly the Dow Jones Markets) (or such other page as may replace that page on that service for the purpose of displaying comparable rates or prices).

(c) If on any Interest Determination Date, LIBOR cannot be determined as provided in paragraph (a) or (b) of this Section 4.08, the Trustee shall either (i) request each Reference Bank to inform the Trustee of the quotation offered by its principal London office for making one-month United States dollar deposits in leading banks in the London interbank market, as of 11:00 a.m. (London time) on such Interest Determination Date or (ii) in lieu of making any such request, rely on such Reference Bank quotations that appear at such time on Telerate Page 3750. LIBOR for the next Interest Accrual Period will be established by the Trustee on each Interest Determination Date as follows:

(i) If on any Interest Determination Date two or more Reference Banks provide such offered quotations, LIBOR for the next applicable Interest Accrual Period shall be the arithmetic mean of such offered quotations (rounding such arithmetic mean upwards if necessary to the nearest whole multiple of 1/32%).

(ii) If on any Interest Determination Date only one or none of the Reference Banks provides such offered quotations, LIBOR for the next Interest Accrual Period shall be whichever is the higher of (i) LIBOR as determined on the previous Interest Determination Date or (ii) the Reserve Interest Rate. The "Reserve Interest Rate" shall be the rate per annum which the Trustee determines to be either (i) the arithmetic mean (rounded upwards if necessary to the nearest whole multiple of 1/32%) of the one-month United States dollar lending rates that New York City banks selected by the Trustee are quoting, on the relevant Interest Determination Date, to the principal London offices of at least two of the Reference Banks to which such quotations are, in the opinion of the Trustee, being so made, or (ii) in the event that the Trustee can determine no such arithmetic mean, the lowest one-month United States dollar lending rate which New York City banks selected by the Trustee are quoting on such Interest Determination Date to leading European banks.

(iii) If on any Interest Determination Date the Trustee is required but is unable to determine the Reserve Interest Rate in the manner provided in paragraph (b) above,

LIBOR for the related Classes of Certificates shall be LIBOR as determined on the preceding applicable Interest Determination Date or, in the case of the first Interest Determination Date, 5.320%.

Until all of the LIBOR Certificates are paid in full, the Trustee will at all times retain at least four Reference Banks for the purpose of determining LIBOR with respect to each Interest Determination Date. The Master Servicer initially shall designate the Reference Banks. Each "Reference Bank" shall be a leading bank engaged in transactions in Eurodollar deposits in the international Eurocurrency market, shall not control, be controlled by, or be under common control with, the Trustee and shall have an established place of business in London. If any such Reference Bank should be unwilling or unable to act as such or if the Master Servicer should terminate its appointment as Reference Bank, the Trustee shall promptly appoint or cause to be appointed another Reference Bank. The Trustee shall have no liability or responsibility to any Person for (i) the selection of any Reference Bank for purposes of determining LIBOR or (ii) any inability to retain at least four Reference Banks which is caused by circumstances beyond its reasonable control.

(d) The Pass-Through Rate for each Class of LIBOR Certificates for each Interest Accrual Period shall be determined by the Trustee on each Interest Determination Date so long as the LIBOR Certificates are outstanding on the basis of LIBOR and the respective formulae appearing in footnotes corresponding to the LIBOR Certificates in the table relating to the Certificates in the Preliminary Statement.

In determining LIBOR, any Pass-Through Rate for the LIBOR Certificates, any Interest Settlement Rate, or any Reserve Interest Rate, the Trustee may conclusively rely and shall be protected in relying upon the offered quotations (whether written, oral or on the Dow Jones Markets) from the BBA designated banks, the Reference Banks or the New York City banks as to LIBOR, the Interest Settlement Rate or the Reserve Interest Rate, as appropriate, in effect from time to time. The Trustee shall not have any liability or responsibility to any Person for (i) the Trustee's selection of New York City banks for purposes of determining any Reserve Interest Rate or (ii) its inability, following a good-faith reasonable effort, to obtain such quotations from, the BBA designated banks, the Reference Banks or the New York City banks or to determine such arithmetic mean, all as provided for in this Section 4.08.

The establishment of LIBOR and each Pass-Through Rate for the LIBOR Certificates by the Trustee shall (in the absence of manifest error) be final, conclusive and binding upon each Holder of a Certificate and the Trustee.

SECTION 4.09. [Reserved].

ARTICLE V
THE CERTIFICATES

SECTION 5.01. The Certificates.

The Certificates shall be substantially in the forms attached hereto as exhibits. The Certificates shall be issuable in registered form, in the minimum denominations, integral multiples in excess thereof (except that one Certificate in each Class may be issued in a different amount which must be in excess of the applicable minimum denomination) and aggregate denominations per Class set forth in the Preliminary Statement.

Subject to Section 9.02 respecting the final distribution on the Certificates, on each Distribution Date the Trustee shall make distributions to each Certificateholder of record on the preceding Record Date either (x) by wire transfer in immediately available funds to the account of such holder at a bank or other entity having appropriate facilities therefor, if (i) such Holder has so notified the Trustee at least five Business Days prior to the related Record Date and (ii) such Holder shall hold (A) a Class of Component Certificates, (B) 100% of the Class Certificate Balance of any Class of Certificates, (C) Certificates of any Class with aggregate principal Denominations of not less than \$1,000,000 or (D) a Class X-P Certificate, or (y) by check mailed by first class mail to such Certificateholder at the address of such holder appearing in the Certificate Register. Payments to Ambac shall be made by wire transfer of immediately available funds to the following account, unless Ambac notifies the Trustee in writing: Account Name: Ambac Assurance Corporation, Citibank, NA, ABA # 021000089, DDA# 40609486, Re: CWALT 2006-OA19—Policy No. AB1045BE Class A-3A Certificates.

The Certificates shall be executed by manual or facsimile signature on behalf of the Trustee by an authorized officer. Certificates 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 Trustee shall bind the Trustee, notwithstanding that such individuals or any of them have ceased to be so authorized prior to the countersignature and delivery of such Certificates or did not hold such offices at the date of such Certificate. No Certificate shall be entitled to any benefit under this Agreement, or be valid for any purpose, unless countersigned by the Trustee by manual signature, and such countersignature upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly executed and delivered hereunder. All Certificates shall be dated the date of their countersignature. On the Closing Date, the Trustee shall countersign the Certificates to be issued at the direction of the Depositor, or any affiliate of the Depositor.

The Depositor shall provide, or cause to be provided, to the Trustee on a continuous basis, an adequate inventory of Certificates to facilitate transfers.

SECTION 5.02. Certificate Register; Registration of Transfer and Exchange of Certificates.

(a) The Trustee shall maintain, or cause to be maintained in accordance with the provisions of Section 5.06, a Certificate Register for the Trust Fund in which, subject to the provisions of subsections (b) and (c) below and to such reasonable regulations as it may prescribe, the Trustee shall provide for the registration of Certificates and of transfers and

exchanges of Certificates as provided in this Agreement. Upon surrender for registration of transfer of any Certificate, the Trustee shall execute and deliver, in the name of the designated transferee or transferees, one or more new Certificates of the same Class and aggregate Percentage Interest.

At the option of a Certificateholder, Certificates may be exchanged for other Certificates of the same Class in authorized denominations and evidencing the same aggregate Percentage Interest upon surrender of the Certificates to be exchanged at the office or agency of the Trustee. Whenever any Certificates are so surrendered for exchange, the Trustee shall execute, authenticate, and deliver the Certificates which the Certificateholder making the exchange is entitled to receive. Every Certificate presented or surrendered for registration of transfer or exchange shall be accompanied by a written instrument of transfer in form satisfactory to the Trustee duly executed by the holder thereof or his attorney duly authorized in writing.

No service charge to the Certificateholders shall be made for any registration of transfer or exchange of Certificates, but payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer or exchange of Certificates may be required.

All Certificates surrendered for registration of transfer or exchange shall be cancelled and subsequently destroyed by the Trustee in accordance with the Trustee's customary procedures.

(b) No transfer of a Private Certificate shall be made unless such transfer is made pursuant to an effective registration statement under the Securities Act and any applicable state securities laws or is exempt from the registration requirements under said Act and such state securities laws. In the event that a transfer is to be made in reliance upon an exemption from the Securities Act and such laws, in order to assure compliance with the Securities Act and such laws, the Certificateholder desiring to effect such transfer and such Certificateholder's prospective transferee shall each certify to the Trustee in writing the facts surrounding the transfer in substantially the form set forth in the applicable Exhibit J (the "**Transferor Certificate**") and (i) deliver a letter in substantially the form of either Exhibit K (the "**Investment Letter**") or Exhibit L-1 (the "**Rule 144A Letter**") or (ii) there shall be delivered to the Trustee at the expense of the transferor an Opinion of Counsel that such transfer may be made pursuant to an exemption from the Securities Act. The Depositor shall provide to any Holder of a Private Certificate and any prospective transferee designated by any such Holder, information regarding the related Certificates and the Mortgage Loans and such other information as shall be necessary to satisfy the condition to eligibility set forth in Rule 144A(d)(4) for transfer of any such Certificate without registration thereof under the Securities Act pursuant to the registration exemption provided by Rule 144A. The Trustee and the Master Servicer shall cooperate with the Depositor in providing the Rule 144A information referenced in the preceding sentence, including providing to the Depositor such information regarding the Certificates, the Mortgage Loans and other matters regarding the Trust Fund as the Depositor shall reasonably request to meet its obligation under the preceding sentence. Each Holder of a Private Certificate desiring to effect such transfer shall, and does hereby agree to, indemnify the Trustee and the Depositor, the Sellers and the Master Servicer 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.

No transfer of an ERISA-Restricted Certificate shall be made unless the Trustee shall have received either (i) a representation from the transferee of such Certificate acceptable to and in form and substance satisfactory to the Trustee (in the event such Certificate is a Private Certificate, such requirement is satisfied only by the Trustee's receipt of a representation letter from the transferee substantially in the form of Exhibit K or Exhibit L-1, or in the event such Certificate is a Residual Certificate, such requirement is satisfied only by the Trustee's receipt of a representation letter from the transferee substantially in the form of Exhibit I), to the effect that (x) such transferee is not an employee benefit plan or arrangement subject to Section 406 of ERISA or a plan or arrangement subject to Section 4975 of the Code, nor a person acting on behalf of any such plan or arrangement, or using the assets of any such plan or arrangement to effect such transfer or (y) in the case of a Certificate that is an ERISA-Restricted Certificate and that has been the subject of an ERISA-Qualifying Underwriting, a representation that the purchaser is an insurance company which is purchasing such Certificate with funds contained in an "insurance company general account" (as such term is defined in Section V(e) of Prohibited Transaction Class Exemption 95-60 ("*PTCE 95-60*")) and that the purchase and holding of such Certificate satisfy the requirements for exemptive relief under Sections I and III of PTCE 95-60 or (ii) in the case of any ERISA-Restricted Certificate presented for registration in the name of an employee benefit plan or arrangement subject to ERISA, or a plan or arrangement subject to Section 4975 of the Code (or comparable provisions of any subsequent enactments), or a trustee or any other person acting on behalf of any such plan or arrangement or using such plan's or arrangement's assets, an Opinion of Counsel satisfactory to the Trustee, which Opinion of Counsel shall not be an expense of the Trustee, the Master Servicer or the Trust Fund, addressed to the Trustee and the Master Servicer, to the effect that the purchase and holding of such ERISA-Restricted Certificate will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, and will not subject the Trustee or the Master Servicer to any obligation in addition to those expressly undertaken in this Agreement or to any liability (such Opinion of Counsel, a "*Benefit Plan Opinion*"). For purposes of the preceding sentence, with respect to an ERISA-Restricted Certificate that is not a Residual Certificate, in the event the representation letter or Benefit Plan Opinion referred to in the preceding sentence is not so furnished, one of the representations in clause (i), as appropriate, shall be deemed to have been made to the Trustee by the transferee's (including an initial acquirer's) acceptance of the ERISA-Restricted Certificates. Notwithstanding anything else to the contrary in this Agreement, any purported transfer of an ERISA-Restricted Certificate to or on behalf of an employee benefit plan or arrangement subject to ERISA or to Section 4975 of the Code without the delivery to the Trustee of a Benefit Plan Opinion satisfactory to the Trustee as described above shall be void and of no effect.

To the extent permitted under applicable law (including, but not limited to, ERISA), the Trustee shall be under no liability to any Person for any registration of transfer of any ERISA-Restricted Certificate that is in fact not permitted by this Section 5.02(b) or for making any payments due on such Certificate to the Holder thereof or taking any other action with respect to such Holder under the provisions of this Agreement so long as the transfer was registered by the Trustee in accordance with the foregoing requirements.

No transfer of a Covered Certificate (other than a transfer of a Covered Certificate to an affiliate of the Depositor (either directly or through a nominee) in connection with the initial issuance of the Certificates) shall be made unless the Trustee shall have received a representation

letter from the transferee of such Covered Certificate substantially in the form of Exhibit L-2 to the effect that (i) such transferee is not a Plan, or (ii) the purchase and holding of the Covered Certificate satisfies the requirements for exemptive relief under PTCE 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60, PTCE 96-23, the service provider exemption provided under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code or a similar exemption. In the event that such representation letter is not delivered, one of the foregoing representations, as appropriate, shall be deemed to have been made by the transferee's (including an initial acquirer's) acceptance of the Covered Certificate. In the event that such representation is violated, such transfer or acquisition shall be void and of no effect.

(c) Each Person who has or who acquires any Ownership Interest in a Residual Certificate shall be deemed by the acceptance or acquisition of such Ownership Interest to have agreed to be bound by the following provisions, and the rights of each Person acquiring any Ownership Interest in a Residual Certificate are expressly subject to the following provisions:

(i) Each Person holding or acquiring any Ownership Interest in a Residual Certificate shall be a Permitted Transferee and shall promptly notify the Trustee of any change or impending change in its status as a Permitted Transferee.

(ii) Except in connection with (i) the registration of the Tax Matters Person Certificate in the name of the Trustee or (ii) any registration in the name of, or transfer of a Residual Certificate to, an affiliate of the Depositor (either directly or through a nominee) in connection with the initial issuance of the Certificates, no Ownership Interest in a Residual Certificate may be registered on the Closing Date or thereafter transferred, and the Trustee shall not register the Transfer of any Residual Certificate unless the Trustee shall have been furnished with an affidavit (a "*Transfer Affidavit*") of the initial owner or the proposed transferee in the form attached to this Agreement as Exhibit I.

(iii) Each Person holding or acquiring any Ownership Interest in a Residual Certificate shall agree (A) to obtain a Transfer Affidavit from any other Person to whom such Person attempts to Transfer its Ownership Interest in a Residual Certificate, (B) to obtain a Transfer Affidavit from any Person for whom such Person is acting as nominee, trustee or agent in connection with any Transfer of a Residual Certificate and (C) not to Transfer its Ownership Interest in a Residual Certificate or to cause the Transfer of an Ownership Interest in a Residual Certificate to any other Person if it has actual knowledge that such Person is not a Permitted Transferee.

(iv) Any attempted or purported Transfer of any Ownership Interest in a Residual Certificate in violation of the provisions of this Section 5.02(c) shall be absolutely null and void and shall vest no rights in the purported Transferee. If any purported transferee shall become a Holder of a Residual Certificate in violation of the provisions of this Section 5.02(c), then the last preceding Permitted Transferee shall be restored to all rights as Holder thereof retroactive to the date of registration of Transfer of such Residual Certificate. The Trustee shall be under no liability to any Person for any registration of Transfer of a Residual Certificate that is in fact not permitted by Section 5.02(b) and this Section 5.02(c) or for making any payments due on such Certificate to the Holder thereof or taking any other action with respect to such Holder under the provisions of this Agreement so long as the Transfer was registered after

receipt of the related Transfer Affidavit and Transferor Certificate. The Trustee shall be entitled but not obligated to recover from any Holder of a Residual Certificate that was in fact not a Permitted Transferee at the time it became a Holder or, at such subsequent time as it became other than a Permitted Transferee, all payments made on such Residual Certificate at and after either such time. Any such payments so recovered by the Trustee shall be paid and delivered by the Trustee to the last preceding Permitted Transferee of such Certificate.

(v) The Depositor shall use its best efforts to make available, upon receipt of written request from the Trustee, all information necessary to compute any tax imposed under section 860E(e) of the Code as a result of a Transfer of an Ownership Interest in a Residual Certificate to any Holder who is not a Permitted Transferee.

The restrictions on Transfers of a Residual Certificate set forth in this Section 5.02(c) shall cease to apply (and the applicable portions of the legend on a Residual Certificate may be deleted) with respect to Transfers occurring after delivery to the Trustee of an Opinion of Counsel, which Opinion of Counsel shall not be an expense of the Trust Fund, the Trustee, the Master Servicer or any Seller, to the effect that the elimination of such restrictions will not cause any REMIC hereunder to fail to qualify as a REMIC at any time that the Certificates are outstanding or result in the imposition of any tax on the Trust Fund, a Certificateholder or another Person. Each Person holding or acquiring any Ownership Interest in a Residual Certificate hereby consents to any amendment of this Agreement which, based on an Opinion of Counsel furnished to the Trustee, is reasonably necessary (a) to ensure that the record ownership of, or any beneficial interest in, a Residual Certificate is not transferred, directly or indirectly, to a Person that is not a Permitted Transferee and (b) to provide for a means to compel the Transfer of a Residual Certificate which is held by a Person that is not a Permitted Transferee to a Holder that is a Permitted Transferee.

(d) The preparation and delivery of all certificates and opinions referred to above in this Section 5.02 in connection with transfer shall be at the expense of the parties to such transfers.

(e) Except as provided below, the Book-Entry Certificates shall at all times remain registered in the name of the Depository or its nominee and at all times: (i) registration of the Certificates may not be transferred by the Trustee except to another Depository; (ii) the Depository shall maintain book-entry records with respect to the Certificate Owners and with respect to ownership and transfers of such Book-Entry Certificates; (iii) ownership and transfers of registration of the Book-Entry Certificates on the books of the Depository shall be governed by applicable rules established by the Depository; (iv) the Depository may collect its usual and customary fees, charges and expenses from its Depository Participants; (v) the Trustee shall deal with the Depository, Depository Participants and indirect participating firms as representatives of the Certificate Owners of the Book-Entry Certificates for purposes of exercising the rights of holders under this Agreement, and requests and directions for and votes of such representatives shall not be deemed to be inconsistent if they are made with respect to different Certificate Owners; and (vi) the Trustee may rely and shall be fully protected in relying upon information furnished by the Depository with respect to its Depository Participants and furnished by the Depository Participants with respect to indirect participating firms and persons shown on the books of such indirect participating firms as direct or indirect Certificate Owners.

All transfers by Certificate Owners of Book-Entry Certificates shall be made in accordance with the procedures established by the Depository Participant or brokerage firm representing such Certificate Owner. Each Depository Participant shall only transfer Book-Entry Certificates of Certificate Owners it represents or of brokerage firms for which it acts as agent in accordance with the Depository's normal procedures.

If (x) (i) the Depository or the Depositor advises the Trustee in writing that the Depository is no longer willing or able to properly discharge its responsibilities as Depository, and (ii) the Trustee or the Depositor is unable to locate a qualified successor or (y) after the occurrence of an Event of Default, Certificate Owners representing at least 51% of the Certificate Balance of the Book-Entry Certificates together advise the Trustee and the Depository through the Depository Participants in writing that the continuation of a book-entry system through the Depository is no longer in the best interests of the Certificate Owners, the Trustee shall notify all Certificate Owners, through the Depository, of the occurrence of any such event and of the availability of definitive, fully-registered Certificates (the "***Definitive Certificates***") to Certificate Owners requesting the same. Upon surrender to the Trustee of the related Class of Certificates by the Depository, accompanied by the instructions from the Depository for registration, the Trustee shall issue the Definitive Certificates. Neither the Master Servicer, the Depositor nor the Trustee shall be liable for any delay in delivery of such instruction and each may conclusively rely on, and shall be protected in relying on, such instructions. The Master Servicer shall provide the Trustee with an adequate inventory of certificates to facilitate the issuance and transfer of Definitive Certificates. Upon the issuance of Definitive Certificates all references in this Agreement to obligations imposed upon or to be performed by the Depository shall be deemed to be imposed upon and performed by the Trustee, to the extent applicable with respect to such Definitive Certificates and the Trustee shall recognize the Holders of the Definitive Certificates as Certificateholders hereunder; provided that the Trustee shall not by virtue of its assumption of such obligations become liable to any party for any act or failure to act of the Depository.

SECTION 5.03. Mutilated, Destroyed, Lost or Stolen Certificates.

If (a) any mutilated Certificate is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Certificate and (b) there is delivered to the Master Servicer and the Trustee (and with respect to the Class A-3A Certificates, Ambac) such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Trustee that such Certificate has been acquired by a bona fide purchaser, the Trustee shall execute, countersign and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Certificate, a new Certificate of like Class, tenor and Percentage Interest. In connection with the issuance of any new Certificate under this Section 5.03, the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith. Any replacement Certificate issued pursuant to this Section 5.03 shall constitute complete and indefeasible evidence of ownership, as if originally issued, whether or not the lost, stolen or destroyed Certificate shall be found at any time.

SECTION 5.04. Persons Deemed Owners.

The Master Servicer, the Trustee and any agent of the Master Servicer or the Trustee may treat the Person in whose name any Certificate is registered as the owner of such Certificate for the purpose of receiving distributions as provided in this Agreement and for all other purposes whatsoever, and neither the Master Servicer, the Trustee nor any agent of the Master Servicer or the Trustee shall be affected by any notice to the contrary.

SECTION 5.05. Access to List of Certificateholders' Names and Addresses.

If three or more Certificateholders and/or Certificate Owners (a) request such information in writing from the Trustee, (b) state that such Certificateholders and/or Certificate Owners desire to communicate with other Certificateholders and/or Certificate Owners with respect to their rights under this Agreement or under the Certificates, and (c) provide a copy of the communication which such Certificateholders and/or Certificate Owners propose to transmit, or if the Depositor or Master Servicer shall request such information in writing from the Trustee, then the Trustee shall, within ten Business Days after the receipt of such request, (x) provide the Depositor, the Master Servicer or such Certificateholders and/or Certificate Owners at such recipients' expense the most recent list of the Certificateholders of such Trust Fund held by the Trustee, if any, and (y) assist the Depositor, the Master Servicer or such Certificateholders and/or Certificate Owners at such recipients' expense with obtaining from the Depository a list of the related Depository Participants acting on behalf of Certificate Owners of Book Entry Certificates. The Depositor and every Certificateholder and Certificate Owner, by receiving and holding a Certificate or beneficial interest therein, agree that the Trustee shall not be held accountable by reason of the disclosure of any such information as to the list of the Certificateholders and/or Depository Participants hereunder, regardless of the source from which such information was derived.

SECTION 5.06. Maintenance of Office or Agency.

The Trustee will maintain or cause to be maintained at its expense an office or offices or agency or agencies in New York City where Certificates may be surrendered for registration of transfer or exchange. The Trustee initially designates its Corporate Trust Office for such purposes. The Trustee will give prompt written notice to the Certificateholders and Ambac of any change in such location of any such office or agency.

ARTICLE VI
THE DEPOSITOR AND THE MASTER SERVICER

SECTION 6.01. Respective Liabilities of the Depositor and the Master Servicer.

The Depositor and the Master Servicer shall each be liable in accordance with this Agreement only to the extent of the obligations specifically and respectively imposed upon and undertaken by them in this Agreement.

SECTION 6.02. Merger or Consolidation of the Depositor or the Master Servicer.

The Depositor will keep in full effect its existence, rights and franchises as a corporation under the laws of the United States or under the laws of one of the states thereof and will obtain and preserve its qualification to do business as a foreign corporation in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Agreement, or any of the Mortgage Loans and to perform its duties under this Agreement. The Master Servicer will keep in effect its existence, rights and franchises as a limited partnership under the laws of the United States or under the laws of one of the states thereof and will obtain and preserve its qualification or registration to do business as a foreign partnership in each jurisdiction in which such qualification or registration is or shall be necessary to protect the validity and enforceability of this Agreement or any of the Mortgage Loans and to perform its duties under this Agreement.

Any Person into which the Depositor or the Master Servicer may be merged or consolidated, or any Person resulting from any merger or consolidation to which the Depositor or the Master Servicer shall be a party, or any person succeeding to the business of the Depositor or the Master Servicer, shall be the successor of the Depositor or the Master Servicer, as the case may be, hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything in this Agreement to the contrary notwithstanding; provided, however, that the successor or surviving Person to the Master Servicer shall be qualified to service mortgage loans on behalf of, FNMA or FHLMC.

As a condition to the effectiveness of any merger or consolidation, at least 15 calendar days prior to the effective date of any merger or consolidation of the Master Servicer, the Master Servicer shall provide (x) written notice to the Depositor of any successor pursuant to this Section and (y) in writing and in form and substance reasonably satisfactory to the Depositor, all information reasonably requested by the Depositor in order to comply with its reporting obligation under Item 6.02 of Form 8-K with respect to a replacement Master Servicer.

SECTION 6.03. Limitation on Liability of the Depositor, the Sellers, the Master Servicer and Others.

None of the Depositor, the Master Servicer or any Seller or any of the directors, officers, employees or agents of the Depositor, the Master Servicer or any Seller shall be under any liability to the Certificateholders for any action taken or for refraining from the taking of any action in good faith pursuant to this Agreement, or for errors in judgment; provided, however, that this provision shall not protect the Depositor, the Master Servicer, any Seller or any such Person against any breach of representations or warranties made by it in this Agreement or

protect the Depositor, the Master Servicer, any Seller or any such Person from any liability which would otherwise be imposed by reasons of willful misfeasance, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations and duties hereunder. The Depositor, the Master Servicer, each Seller and any director, officer, employee or agent of the Depositor, the Master Servicer or each Seller 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. The Depositor, the Master Servicer, each Seller and any director, officer, employee or agent of the Depositor, the Master Servicer or any Seller shall be indemnified by the Trust Fund and held harmless against any loss, liability or expense incurred in connection with any audit, controversy or judicial proceeding relating to a governmental taxing authority or any legal action relating to this Agreement or the Certificates, other than any loss, liability or expense related to any specific Mortgage Loan or Mortgage Loans (except as any such loss, liability or expense shall be otherwise reimbursable pursuant to this Agreement) and any loss, liability or expense incurred by reason of willful misfeasance, bad faith or gross negligence in the performance of duties hereunder or by reason of reckless disregard of obligations and duties hereunder. None of the Depositor, the Master Servicer or any Seller shall be under any obligation to appear in, prosecute or defend any legal action that is not incidental to its respective duties hereunder and which in its opinion may involve it in any expense or liability; provided, however, that any of the Depositor, the Master Servicer or any Seller may in its discretion undertake any such action that it may deem necessary or desirable in respect of this Agreement and the rights and duties of the parties hereto and interests of the Trustee and the Certificateholders hereunder. In such event, the legal expenses and costs of such action and any liability resulting therefrom shall be expenses, costs and liabilities of the Trust Fund, and the Depositor, the Master Servicer and each Seller shall be entitled to be reimbursed therefor out of the Certificate Account.

SECTION 6.04. Limitation on Resignation of Master Servicer.

The Master Servicer shall not resign from the obligations and duties hereby imposed on it except (a) upon appointment of a successor servicer and receipt by the Trustee of a letter from each Rating Agency that such a resignation and appointment will not result in a downgrade or withdrawal of the rating of any of the Certificates without regard to the Class A-3A Policy, or (b) upon determination that its duties hereunder are no longer permissible under applicable law. Any such determination under clause (b) permitting the resignation of the Master Servicer shall be evidenced by an Opinion of Counsel to such effect delivered to the Trustee. No such resignation shall become effective until the Trustee or a successor master servicer shall have assumed the Master Servicer's responsibilities, duties, liabilities and obligations under this Agreement and the Depositor shall have received the information described in the following sentence. As a condition to the effectiveness of any such resignation, at least 15 calendar days prior to the effective date of any such resignation, the Master Servicer shall provide (x) written notice to the Depositor of any successor pursuant to this Section and (y) in writing and in form and substance reasonably satisfactory to the Depositor, all information reasonably requested by the Depositor in order to comply with its reporting obligation under Item 6.02 of Form 8-K with respect to the resignation of the Master Servicer.

ARTICLE VII DEFAULT

SECTION 7.01. Events of Default.

“*Event of Default*,” wherever used in this Agreement, means any one of the following events:

(i) any failure by the Master Servicer to deposit in the Certificate Account or remit to the Trustee any payment required to be made under the terms of this Agreement, which failure shall continue unremedied for five days after the date upon which written notice of such failure shall have been given to the Master Servicer by the Trustee or the Depositor or to the Master Servicer and the Trustee by the Holders of Certificates having not less than 25% of the Voting Rights evidenced by the Certificates; or

(ii) any failure by the Master Servicer to observe or perform in any material respect any other of the covenants or agreements on the part of the Master Servicer contained in this Agreement (except with respect to a failure related to a Limited Exchange Act Reporting Obligation), which failure materially affects the rights of Certificateholders, that failure continues unremedied for a period of 60 days after the date on which written notice of such failure shall have been given to the Master Servicer by the Trustee or the Depositor, or to the Master Servicer and the Trustee by the Holders of Certificates evidencing not less than 25% of the Voting Rights evidenced by the Certificates; *provided, however*, that the sixty day cure period shall not apply to the initial delivery of the Mortgage File for Delay Delivery Mortgage Loans or the failure to substitute or repurchase in lieu of delivery; or

(iii) a decree or order of a court or agency or supervisory authority having jurisdiction in the premises for the appointment of a receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against the Master Servicer and such decree or order shall have remained in force undischarged or unstayed for a period of 60 consecutive days; or

(iv) the Master Servicer shall consent to the appointment of a receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings of or relating to the Master Servicer or all or substantially all of the property of the Master Servicer; or

(v) the Master Servicer shall admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of, or commence a voluntary case under, any applicable insolvency or reorganization statute, make an assignment for the benefit of its creditors, or voluntarily suspend payment of its obligations; or

(vi) the Master Servicer shall fail to reimburse in full the Trustee within five days of the Master Servicer Advance Date for any Advance made by the Trustee pursuant to Section 4.01(b) together with accrued and unpaid interest.

If (a) an Event of Default described in clauses (i) to (vi) of this Section shall occur, then, and in each and every such case, so long as such Event of Default shall not have been remedied, the Trustee may, or (b) an Event of Default described in clauses (i) to (v) of this Section shall occur, then, and in each and every such case, so long as such Event of Default shall not have been remedied, at the direction of the Holders of Certificates evidencing not less than 66 2/3% of the Voting Rights evidenced by such Certificates, the Trustee shall by notice in writing to the Master Servicer (with a copy to each Rating Agency and the Depositor), terminate all of the rights and obligations of the Master Servicer under this Agreement and in and to the Mortgage Loans and the proceeds thereof, other than its rights as a Certificateholder hereunder.

In addition, if during the period that the Depositor is required to file Exchange Act Reports with respect to the Trust Fund, the Master Servicer shall fail to observe or perform any of the obligations that constitute a Limited Exchange Act Reporting Obligation or the obligations set forth in Section 3.16(a) or Section 11.07(a)(1) and (2), and such failure continues for the lesser of 10 calendar days or such period in which the applicable Exchange Act Report can be filed timely (without taking into account any extensions), so long as such failure shall not have been remedied, the Trustee shall, but only at the direction of the Depositor, terminate all of the rights and obligations of the Master Servicer under this Agreement and in and to the Mortgage Loans and the proceeds thereof, other than its rights as a Certificateholder hereunder. The Depositor shall not be entitled to terminate the rights and obligations of the Master Servicer if a failure of the Master Servicer to identify a Subcontractor "participating in the servicing function" within the meaning of Item 1122 of Regulation AB was attributable solely to the role or functions of such Subcontractor with respect to mortgage loans other than the Mortgage Loans.

On and after the receipt by the Master Servicer of such written notice, all authority and power of the Master Servicer hereunder, whether with respect to the related Mortgage Loans or otherwise, shall pass to and be vested in the Trustee. The Trustee shall thereupon make any Advance which the Master Servicer failed to make subject to Section 4.01 whether or not the obligations of the Master Servicer have been terminated pursuant to this Section. The Trustee is hereby authorized and empowered to execute and deliver, on behalf of the Master 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 or assignment of the Mortgage Loans and related documents, or otherwise. Unless expressly provided in such written notice, no such termination shall affect any obligation of the Master Servicer to pay amounts owed pursuant to Article VIII. The Master Servicer agrees to cooperate with the Trustee in effecting the termination of the Master Servicer's responsibilities and rights hereunder, including, without limitation, the transfer to the Trustee of all cash amounts which shall at the time be credited to the Certificate Account, or thereafter be received with respect to the Mortgage Loans.

Notwithstanding any termination of the activities of the Master Servicer hereunder, the Master Servicer shall be entitled to receive, out of any late collection of a Scheduled Payment on a Mortgage Loan which was due prior to the notice terminating such Master Servicer's rights and obligations as Master Servicer hereunder and received after such notice, that portion thereof to which such Master Servicer would have been entitled pursuant to Sections 3.08(a)(i) through (viii), and any other amounts payable to such Master Servicer hereunder the entitlement to which arose prior to the termination of its activities under this Agreement.

If the Master Servicer is terminated, the Trustee shall provide the Depositor in writing and in form and substance reasonably satisfactory to the Depositor, all information reasonably requested by the Depositor in order to comply with its reporting obligation under Item 6.02 of Form 8-K with respect to a successor master servicer in the event the Trustee should succeed to the duties of the Master Servicer as set forth herein.

SECTION 7.02. Trustee to Act; Appointment of Successor.

On and after the time the Master Servicer receives a notice of termination pursuant to Section 7.01, the Trustee shall, subject to and to the extent provided in Section 3.04, be the successor to the Master Servicer in its capacity as master servicer under this Agreement and the transactions set forth or provided for in this Agreement and shall be subject to all the responsibilities, duties and liabilities relating thereto placed on the Master Servicer by the terms and provisions of this Agreement and applicable law including the obligation to make Advances pursuant to Section 4.01. As compensation therefor, the Trustee shall be entitled to all funds relating to the Mortgage Loans that the Master Servicer would have been entitled to charge to the Certificate Account or Distribution Account if the Master Servicer had continued to act hereunder. Notwithstanding the foregoing, if the Trustee has become the successor to the Master Servicer in accordance with Section 7.01, the Trustee may, if it shall be unwilling to so act, or shall, if it is prohibited by applicable law from making Advances pursuant to Section 4.01 or if it is otherwise unable to so act, appoint, or petition a court of competent jurisdiction to appoint, any established mortgage loan servicing institution the appointment of which does not adversely affect the then current rating of the Certificates, without regard to the Class A-3A Policy, by each Rating Agency as the successor to the Master Servicer hereunder in the assumption of all or any part of the responsibilities, duties or liabilities of the Master Servicer hereunder. Any successor to the Master Servicer shall be an institution which is a FNMA and FHLMC approved seller/servicer in good standing, which has a net worth of at least \$15,000,000, and which is willing to service the Mortgage Loans and (i) executes and delivers to the Depositor and the Trustee an agreement accepting such delegation and assignment, which contains an assumption by such Person of the rights, powers, duties, responsibilities, obligations and liabilities of the Master Servicer (other than liabilities of the Master Servicer under Section 6.03 incurred prior to termination of the Master Servicer under Section 7.01), with like effect as if originally named as a party to this Agreement; and provided further that each Rating Agency acknowledges that its rating of the Certificates in effect immediately prior to such assignment and delegation will not be qualified or reduced, without regard to the Class A-3A Policy, as a result of such assignment and delegation and (ii) provides to the Depositor in writing fifteen days prior to the effective date of such appointment and in form and substance reasonably satisfactory to the Depositor, all information reasonably requested by the Depositor in order to comply with its reporting obligation under Item 6.02 of Form 8-K with respect to a replacement master servicer. The Trustee shall provide written notice to the Depositor of such successor pursuant to this Section. Pending appointment of a successor to the Master Servicer hereunder, the Trustee, unless the Trustee is prohibited by law from so acting, shall, subject to Section 3.04, act in such capacity as hereinabove provided. In connection with such appointment and assumption, the Trustee may make such arrangements for the compensation of such successor out of payments on the Mortgage Loans as it and such successor shall agree; provided, however, that no such compensation shall be in excess of the Master Servicing Fee permitted to be paid to the Master Servicer hereunder. The Trustee and such successor shall take such action, consistent with this

Agreement, as shall be necessary to effectuate any such succession. Neither the Trustee nor any other successor master servicer shall be deemed to be in default hereunder by reason of any failure to make, or any delay in making, any distribution hereunder or any portion thereof or any failure to perform, or any delay in performing, any duties or responsibilities hereunder, in either case caused by the failure of the Master Servicer to deliver or provide, or any delay in delivering or providing, any cash, information, documents or records to it.

Any successor to the Master Servicer as master servicer shall give notice to the Mortgagors of such change of servicer and shall, during the term of its service as master servicer maintain in force the policy or policies that the Master Servicer is required to maintain pursuant to Section 3.09.

In connection with the termination or resignation of the Master Servicer hereunder, either (i) the successor Master Servicer, including the Trustee if the Trustee is acting as successor Master Servicer, shall represent and warrant that it is a member of MERS in good standing and shall agree to comply in all material respects with the rules and procedures of MERS in connection with the servicing of the Mortgage Loans that are registered with MERS, or (ii) the predecessor Master Servicer shall cooperate with the successor Master Servicer either (x) in causing MERS to execute and deliver an assignment of Mortgage in recordable form to transfer the Mortgage from MERS to the Trustee and to execute and deliver such other notices, documents and other instruments as may be necessary or desirable to effect a transfer of such Mortgage Loan or servicing of such Mortgage Loan on the MERS® System to the successor Master Servicer or (y) in causing MERS to designate on the MERS® System the successor Master Servicer as the servicer of such Mortgage Loan. The predecessor Master Servicer shall file or cause to be filed any such assignment in the appropriate recording office. The successor Master Servicer shall cause such assignment to be delivered to the Trustee promptly upon receipt of the original with evidence of recording thereon or a copy certified by the public recording office in which such assignment was recorded.

SECTION 7.03. Notification to Certificateholders.

(a) Upon any termination of or appointment of a successor to the Master Servicer, the Trustee shall give prompt written notice thereof to the Certificateholders, Ambac, if the Class A-3A Certificates are still outstanding, and to each Rating Agency.

(b) Within 60 days after the occurrence of any Event of Default, the Trustee shall transmit by mail to all Certificateholders and Ambac promptly upon such occurrence, if the Class A-3A Certificates are still outstanding, notice of each such Event of Default hereunder known to the Trustee, unless such Event of Default shall have been cured or waived.

ARTICLE VIII
CONCERNING THE TRUSTEE

SECTION 8.01. Duties of Trustee.

The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default that may have occurred, shall undertake to perform such duties and only such duties as are specifically set forth in this Agreement. In case an Event of Default has occurred and remains uncured, 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 such person's own affairs.

The Trustee, upon receipt of all resolutions, certificates, statements, opinions, reports, documents, orders or other instruments furnished to the Trustee that are specifically required to be furnished pursuant to any provision of this Agreement shall examine them to determine whether they are in the form required by this Agreement; provided, however, that the Trustee shall not be responsible for the accuracy or content of any such resolution, certificate, statement, opinion, report, document, order or other instrument.

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 or its own willful misconduct; provided, however, that:

(i) unless an Event of Default known to the Trustee shall have occurred and be continuing, 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 covenants or obligations shall be read into this Agreement against the Trustee and 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 which it believed in good faith to be genuine and to have been duly executed by the proper authorities respecting any matters arising hereunder;

(ii) the Trustee shall not be liable for an error of judgment made in good faith by a Responsible Officer or Responsible Officers of the Trustee, unless it shall be finally proven that the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of Holders of Certificates evidencing not less than 25% of the Voting Rights of Certificates 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; and

(iv) without in any way limiting the provisions of this Section 8.01 or Section 8.02, the Trustee shall be entitled to rely conclusively on the information delivered to it

by the Master Servicer in a Trustee Advance Notice in determining whether it is required to make an Advance under Section 4.01(b), shall have no responsibility to ascertain or confirm any information contained in any Trustee Advance Notice, and shall have no obligation to make any Advance under Section 4.01(b) in the absence of a Trustee Advance Notice or actual knowledge of a Responsible Officer of the Trustee that (A) such Advance was not made by the Master Servicer and (B) such Advance is not a Nonrecoverable Advance.

The Trustee hereby represents, warrants, covenants and agrees that, except as permitted by Article IX hereof, it shall not cause the Trust Fund to consolidate or amalgamate with, or merge with or into, or transfer all or substantially all of the Trust Fund to, another Person.

SECTION 8.02. Certain Matters Affecting the Trustee.

Except as otherwise provided in Section 8.01:

(i) the Trustee may request and rely upon and shall be protected in acting or refraining from acting upon any resolution, Officers' 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 and the Trustee shall have no responsibility to ascertain or confirm the genuineness of any signature of any such party or parties;

(ii) the Trustee may consult with counsel, financial advisers or accountants of its selection and the advice of any such counsel, financial advisers or accountants and any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it hereunder in good faith and in accordance with such Opinion of Counsel;

(iii) the Trustee shall not be 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;

(iv) the Trustee shall not be bound to make any investigation into the facts or 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 so to do by Holders of Certificates evidencing not less than 25% of the Voting Rights allocated to each Class of Certificates;

(v) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, accountants or attorneys;

(vi) the Trustee shall not be required to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder if it shall have reasonable grounds for

believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it;

(vii) the Trustee shall not be liable for any loss on any investment of funds pursuant to this Agreement (other than as issuer of the investment security);

(viii) the Trustee shall not be deemed to have knowledge of an Event of Default until a Responsible Officer of the Trustee shall have received written notice thereof; and

(ix) the Trustee shall be under no obligation to exercise any of the trusts, rights or powers vested in it by this Agreement or to institute, conduct or defend any litigation hereunder or in relation hereto at the request, order or direction of any of the Certificateholders, pursuant to the provisions of this Agreement, unless such Certificateholders shall have offered to the Trustee reasonable security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which may be incurred therein or thereby.

SECTION 8.03. Trustee Not Liable for Certificates or Mortgage Loans.

The recitals contained in this Agreement and in the Certificates shall be taken as the statements of the Depositor or a Seller, as the case may be, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Agreement or of the Certificates or of any Mortgage Loan or related document or of MERS or the MERS® System other than with respect to the Trustee's execution and counter-signature of the Certificates. The Trustee shall not be accountable for the use or application by the Depositor or the Master Servicer of any funds paid to the Depositor or the Master Servicer in respect of the Mortgage Loans or deposited in or withdrawn from the Certificate Account by the Depositor or the Master Servicer.

SECTION 8.04. Trustee May Own Certificates.

The Trustee in its individual or any other capacity may become the owner or pledgee of Certificates with the same rights as it would have if it were not the Trustee.

SECTION 8.05. Trustee's Fees and Expenses.

The Trustee, as compensation for its activities hereunder, shall be entitled to withdraw from the Distribution Account on each Distribution Date an amount equal to the Trustee Fee for such Distribution Date. The Trustee and any director, officer, employee or agent of the Trustee shall be indemnified by the Master Servicer and held harmless against any loss, liability or expense (including reasonable attorney's fees and expenses) (i) incurred in connection with any claim or legal action relating to (a) this Agreement, (b) the Certificates or (c) in connection with the performance of any of the Trustee's duties hereunder, other than any loss, liability or expense incurred by reason of willful misfeasance, bad faith or negligence in the performance of any of the Trustee's duties hereunder or incurred by reason of any action of the Trustee taken at the direction of the Certificateholders or (ii) resulting from any error in any tax or information return prepared by the Master Servicer. Such indemnity shall survive the termination of this Agreement or the resignation or removal of the Trustee hereunder. Without limiting the

foregoing, the Master Servicer covenants and agrees, except as otherwise agreed upon in writing by the Depositor and the Trustee, and except for any such expense, disbursement or advance as may arise from the Trustee's negligence, bad faith or willful misconduct, to pay or reimburse the Trustee, for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Agreement with respect to: (A) the reasonable compensation and the expenses and disbursements of its counsel not associated with the closing of the issuance of the Certificates, (B) the reasonable compensation, expenses and disbursements of any accountant, engineer or appraiser that is not regularly employed by the Trustee, to the extent that the Trustee must engage such persons to perform acts or services hereunder and (C) printing and engraving expenses in connection with preparing any Definitive Certificates. Except as otherwise provided in this Agreement, the Trustee shall not be entitled to payment or reimbursement for any routine ongoing expenses incurred by the Trustee in the ordinary course of its duties as Trustee, Registrar, Tax Matters Person or Paying Agent hereunder or for any other expenses.

SECTION 8.06. Eligibility Requirements for Trustee.

The Trustee hereunder shall at all times be a corporation or association organized and doing business under the laws of a state or the United States of America, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000, subject to supervision or examination by federal or state authority and with a credit rating which would not cause either of the Rating Agencies to reduce or withdraw their respective then current ratings of the Certificates without regard to the Class A-3A Policy (or having provided such security from time to time as is sufficient to avoid such reduction) as evidenced in writing by each Rating Agency. If such corporation or association publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section 8.06 the combined capital and surplus of such corporation or association 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 8.06, the Trustee shall resign immediately in the manner and with the effect specified in Section 8.07. The entity serving as Trustee may have normal banking and trust relationships with the Depositor and its affiliates or the Master Servicer and its affiliates; provided, however, that such entity cannot be an affiliate of the Master Servicer other than the Trustee in its role as successor to the Master Servicer.

SECTION 8.07. Resignation and Removal of Trustee.

The Trustee may at any time resign and be discharged from the trusts hereby created by giving written notice of resignation to the Depositor, the Master Servicer and each Rating Agency not less than 60 days before the date specified in such notice when, subject to Section 8.08, such resignation is to take effect, and acceptance by a successor trustee in accordance with Section 8.08 meeting the qualifications set forth in Section 8.06. If no successor trustee meeting such qualifications shall have been so appointed and have accepted appointment within 30 days after the giving of such notice or resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor trustee.

As a condition to the effectiveness of any such resignation, at least 15 calendar days prior to the effective date of such resignation, the Trustee shall provide (x) written notice to the Depositor of any successor pursuant to this Section and (y) in writing and in form and substance reasonably satisfactory to the Depositor, all information reasonably requested by the Depositor in order to comply with its reporting obligation under Item 6.02 of Form 8-K with respect to the resignation of the Trustee.

If at any time (i) the Trustee shall cease to be eligible in accordance with the provisions of Section 8.06 and shall fail to resign after written request thereto by the Depositor, (ii) the Trustee shall become incapable of acting, or shall be adjudged as 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, (iii) a tax is imposed with respect to the Trust Fund by any state in which the Trustee or the Trust Fund is located and the imposition of such tax would be avoided by the appointment of a different trustee, or (iv) during the period that the Depositor is required to file Exchange Act Reports with respect to the Trust Fund, the Trustee fails to comply with its obligations under the last sentence of Section 7.01, the preceding paragraph, Section 8.09 or Article XI and such failure is not remedied within the lesser of 10 calendar days or such period in which the applicable Exchange Act Report can be filed timely (without taking into account any extensions), then, in the case of clauses (i) through (iii), the Depositor or the Master Servicer, or in the case of clause (iv), the Depositor, may remove the Trustee and appoint a successor trustee by written instrument, in triplicate, one copy of which instrument shall be delivered to the Trustee, one copy of which shall be delivered to the Master Servicer and one copy to the successor trustee.

The Holders of Certificates entitled to at least 51% of the Voting Rights may at any time remove the Trustee and appoint a successor trustee by written instrument or instruments, in triplicate, signed by such Holders or their attorneys-in-fact duly authorized, one complete set of which instruments shall be delivered by the successor Trustee to the Master Servicer, one complete set to the Trustee so removed, one complete set to the successor so appointed and one complete set to the Depositor, together with a written description of the basis for such removal. Notice of any removal of the Trustee shall be given to each Rating Agency by the successor trustee.

Any resignation or removal of the Trustee and appointment of a successor trustee pursuant to any of the provisions of this Section 8.07 shall become effective upon acceptance of appointment by the successor trustee as provided in Section 8.08.

SECTION 8.08. Successor Trustee.

Any successor trustee appointed as provided in Section 8.07 shall execute, acknowledge and deliver to the Depositor and to its predecessor trustee and the Master Servicer an instrument accepting such appointment hereunder 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 hereunder, with the like effect as if originally named as trustee in this Agreement. The Depositor, the Master Servicer and the predecessor trustee shall execute and deliver such instruments and do such other things as may reasonably be required for more 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 8.08 unless at the time of such acceptance such successor trustee shall be eligible under the provisions of Section 8.06 and its appointment shall not adversely affect the then current rating of the Certificates and has provided to the Depositor in writing and in form and substance reasonably satisfactory to the Depositor, all information reasonably requested by the Depositor in order to comply with its reporting obligation under Item 6.02 of Form 8-K with respect to a replacement Trustee.

Upon acceptance of appointment by a successor trustee as provided in this Section 8.08, the Depositor shall mail notice of the succession of such trustee hereunder to all Holders of Certificates. If the Depositor fails to mail such notice within 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 Depositor.

SECTION 8.09. Merger or Consolidation of Trustee.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to the business of the Trustee, shall be the successor of the Trustee hereunder, provided that such corporation shall be eligible under the provisions of Section 8.06 without the execution or filing of any paper or further act on the part of any of the parties hereto, anything in this Agreement to the contrary notwithstanding.

As a condition to the effectiveness of any merger or consolidation, at least 15 calendar days prior to the effective date of any merger or consolidation of the Trustee, the Trustee shall provide (x) written notice to the Depositor of any successor pursuant to this Section and (y) in writing and in form and substance reasonably satisfactory to the Depositor, all information reasonably requested by the Depositor in order to comply with its reporting obligation under Item 6.02 of Form 8-K with respect to a replacement Trustee.

SECTION 8.10. 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 Fund or property securing any Mortgage Note may at the time be located, the Master 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 or co-trustees jointly with the Trustee, or separate trustee or separate trustees, of all or any part of the Trust Fund, and to vest in such Person or Persons, in such capacity and for the benefit of the Certificateholders, such title to the Trust Fund or any part thereof, whichever is applicable, and, subject to the other provisions of this Section 8.10, such powers, duties, obligations, rights and trusts as the Master Servicer and the Trustee may consider necessary or desirable. If the Master Servicer shall not have joined in such appointment within 15 days after the receipt by it of a request to do so, or in the case an Event of Default shall have occurred and be continuing, the Trustee alone shall have

the power to make such appointment. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 8.06 and no notice to Certificateholders of the appointment of any co-trustee or separate trustee shall be required under Section 8.08.

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

(i) To the extent necessary to effectuate the purposes of this Section 8.10, all rights, powers, duties and obligations conferred or imposed upon the Trustee, except for the obligation of the Trustee under this Agreement to advance funds on behalf of the Master Servicer, shall be conferred or imposed 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 hereunder or as successor to the Master Servicer hereunder), 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 applicable Trust Fund 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 hereunder shall be held personally liable by reason of any act or omission of any other trustee hereunder and such appointment shall not, and shall not be deemed to, constitute any such separate trustee or co-trustee as agent of the Trustee;

(iii) The Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee; and

(iv) The Master Servicer, and not the Trustee, shall be liable for the payment of reasonable compensation, reimbursement and indemnification to any such separate trustee or co-trustee.

Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the separate trustees and co-trustees, when and 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 Article VIII. 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, specifically including every provision of this Agreement relating to the conduct of, affecting the liability of, or affording protection to, the Trustee. Every such instrument shall be filed with the Trustee and a copy thereof given to the Master Servicer and the Depositor.

Any separate trustee or co-trustee may, at any time, constitute 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.

SECTION 8.11. Tax Matters.

It is intended that the assets with respect to which any REMIC election is to be made, as set forth in the Preliminary Statement, shall constitute, and that the conduct of matters relating to such assets shall be such as to qualify such assets as, a "real estate mortgage investment conduit" as defined in and in accordance with the REMIC Provisions. In furtherance of such intention, the Trustee covenants and agrees that it shall act as agent (and the Trustee is hereby appointed to act as agent) on behalf of any such REMIC and that in such capacity it shall: (a) prepare and file, or cause to be prepared and filed, in a timely manner, a U.S. Real Estate Mortgage Investment Conduit Income Tax Return (Form 1066 or any successor form adopted by the Internal Revenue Service) and prepare and file or cause to be prepared and filed with the Internal Revenue Service and applicable state or local tax authorities income tax or information returns for each taxable year with respect to any such REMIC, containing such information and at the times and in the manner as may be required by the Code or state or local tax laws, regulations, or rules, and furnish or cause to be furnished to Certificateholders the schedules, statements or information at such times and in such manner as may be required thereby; (b) within thirty days of the Closing Date, furnish or cause to be furnished to the Internal Revenue Service, on Forms 8811 or as otherwise may be required by the Code, the name, title, address, and telephone number of the person that the holders of the Certificates may contact for tax information relating thereto, together with such additional information as may be required by such Form, and update such information at the time or times in the manner required by the Code; (c) make or cause to be made elections that such assets be treated as a REMIC on the federal tax return for its first taxable year (and, if necessary, under applicable state law); (d) prepare and forward, or cause to be prepared and forwarded, to the Certificateholders and to the Internal Revenue Service and, if necessary, state tax authorities, all information returns and reports as and when required to be provided to them in accordance with the REMIC Provisions, including without limitation, the calculation of any original issue discount using the Prepayment Assumption; (e) provide information necessary for the computation of tax imposed on the transfer of a Residual Certificate to a Person that is not a Permitted Transferee, or an agent (including a broker, nominee or other middleman) of a Non-Permitted Transferee, or a pass-through entity in which a Non-Permitted Transferee is the record holder of an interest (the reasonable cost of computing and furnishing such information may be charged to the Person liable for such tax); (f) to the extent that they are under its control conduct matters relating to such assets at all times that any Certificates are outstanding so as to maintain the status as a REMIC under the REMIC Provisions; (g) not knowingly or intentionally take any action or omit to take any action that would cause the termination of the tax status of any REMIC; (h) pay, from the sources specified in the third paragraph of this Section 8.11, the amount of any federal or state tax, including prohibited transaction taxes as described below, imposed on any such REMIC prior to its termination when and as the same shall be due and payable (but such obligation shall not prevent the Trustee or any other appropriate Person from contesting any such tax in appropriate proceedings and shall not prevent the Trustee from withholding payment of such tax, if permitted by law, pending the outcome of such proceedings); (i) ensure that federal, state or local income tax or information returns shall be signed by the Trustee or such other person as may be required to sign such returns by the Code or state or local laws, regulations or

rules; (j) maintain records relating to any such REMIC, including but not limited to the income, expenses, assets and liabilities thereof and the fair market value and adjusted basis of the assets determined at such intervals as may be required by the Code, as may be necessary to prepare the foregoing returns, schedules, statements or information; and (k) as and when necessary and appropriate, represent any such REMIC in any administrative or judicial proceedings relating to an examination or audit by any governmental taxing authority, request an administrative adjustment as to any taxable year of any such REMIC, enter into settlement agreements with any governmental taxing agency, extend any statute of limitations relating to any tax item of any such REMIC, and otherwise act on behalf of any such REMIC in relation to any tax matter or controversy involving it.

In order to enable the Trustee to perform its duties as set forth in this Agreement, the Depositor shall provide, or cause to be provided, to the Trustee within ten (10) days after the Closing Date all information or data that the Trustee requests in writing and determines to be relevant for tax purposes to the valuations and offering prices of the Certificates, including, without limitation, the price, yield, prepayment assumption and projected cash flows of the Certificates and the Mortgage Loans. Thereafter, the Depositor shall provide to the Trustee promptly upon written request therefor, any such additional information or data that the Trustee may, from time to time, reasonably request in order to enable the Trustee to perform its duties as set forth in this Agreement. The Depositor hereby indemnifies the Trustee for any losses, liabilities, damages, claims or expenses of the Trustee arising from any errors or miscalculations of the Trustee that result from any failure of the Depositor to provide, or to cause to be provided, accurate information or data to the Trustee on a timely basis.

In the event that any tax is imposed on "prohibited transactions" of any REMIC hereunder as defined in section 860F(a)(2) of the Code, on the "net income from foreclosure property" of such REMIC as defined in section 860G(c) of the Code, on any contribution to any REMIC hereunder after the Startup Day pursuant to section 860G(d) of the Code, or any other tax is imposed, including, without limitation, any minimum tax imposed upon any REMIC hereunder pursuant to sections 23153 and 24874 of the California Revenue and Taxation Code, if not paid as otherwise provided for herein, such tax shall be paid by (i) the Trustee, if any such other tax arises out of or results from a breach by the Trustee of any of its obligations under this Agreement, (ii) the Master Servicer, in the case of any such minimum tax, or if such tax arises out of or results from a breach by the Master Servicer or a Seller of any of their obligations under this Agreement, (iii) any Seller, if any such tax arises out of or results from that Seller's obligation to repurchase a Mortgage Loan pursuant to Section 2.02 or 2.03 or (iv) in all other cases, or in the event that the Trustee, the Master Servicer or any Seller fails to honor its obligations under the preceding clauses (i), (ii) or (iii), any such tax will be paid with amounts otherwise to be distributed to the Certificateholders, as provided in Section 3.08(b).

The Trustee shall treat the Carryover Shortfall Reserve Fund as an outside reserve fund within the meaning of Treasury Regulation 1.860G-2(h) which is owned by the Depositor, and that is not an asset of any REMIC created hereunder. The Component Certificates shall be treated as representing ownership of a Master REMIC regular interest and a position in an interest rate cap contract. The Trustee shall assume that the position of the Component Certificates in such interest rate cap contract has a value of \$1,000.

SECTION 8.12. Monitoring of Significance Percentage.

[Reserved]

ARTICLE IX TERMINATION

SECTION 9.01. Termination upon Liquidation or Purchase of all Mortgage Loans.

Subject to Section 9.03, the obligations and responsibilities of the Depositor, the Sellers, the Master Servicer and the Trustee created hereby with respect to the Trust Fund shall terminate upon the earlier of: (a) the purchase by the Master Servicer of all Mortgage Loans (and REO Properties) remaining in the Trust Fund at the price equal to the sum of (i) 100% of the Stated Principal Balance of each Mortgage Loan plus one month's accrued interest thereon at the applicable Adjusted Mortgage Rate, (ii) the lesser of (x) the appraised value of any REO Property as determined by the higher of two appraisals completed by two independent appraisers selected by the Master Servicer at the expense of the Master Servicer and (y) the Stated Principal Balance of each Mortgage Loan related to any REO Property, and (iii) any remaining unpaid costs and damages incurred by the Trust Fund that arise out of an actual violation of any predatory or abusive lending law that also constitutes an actual breach of clause (50) on Schedule III-A, in all cases plus accrued and unpaid interest thereon at the applicable Adjusted Mortgage Rate; and (b) the later of (i) the maturity or other liquidation (or any Advance with respect thereto) of the last Mortgage Loan remaining in the Trust Fund and the disposition of all REO Property in and (ii) the distribution to the Certificateholders of all amounts required to be distributed to them pursuant to this Agreement. In no event shall the trusts created hereby continue beyond the earlier of (i) the expiration of 21 years from the death of the survivor of the descendants of Joseph P. Kennedy, the late Ambassador of the United States to the Court of St. James's, living on the date hereof and (ii) the Latest Possible Maturity Date.

The Master Servicer shall have the right to purchase all Mortgage Loans and REO Properties in the Trust Fund pursuant to clause (a) in the preceding paragraph of this Section 9.01 only on or after the Optional Termination Date; provided that either (a) any such purchase will not result in a draw upon the Class A-3A Policy or (b) the Master Servicer obtains the consent of the Class A-3A Insurer.

SECTION 9.02. Final Distribution on the Certificates.

If on any Determination Date, the Master Servicer determines that there are no Outstanding Mortgage Loans and no other funds or assets in the Trust Fund other than the funds in the Certificate Account, the Master Servicer shall direct the Trustee promptly to send a final distribution notice to each Certificateholder and Ambac. If the Master Servicer elects to terminate the Trust Fund pursuant to Section 9.01, at least 20 days prior to the date notice is to be mailed to the Certificateholders, the Master Servicer shall notify the Depositor, Ambac, if the Class A-3A Certificates are still outstanding, and the Trustee of the date the Master Servicer intends to cause a termination pursuant to Section 9.01 and of the applicable repurchase price of the Mortgage Loans and REO Properties.

Notice of any termination of the Trust Fund, specifying the Distribution Date on which Certificateholders may surrender their Certificates for payment of the final distribution and cancellation, shall be given promptly by the Trustee by letter to Certificateholders and Ambac

mailed not earlier than the 10th day and no later than the 15th day of the month next preceding the month of such final distribution. Any such notice shall specify (a) the Distribution Date upon which final distribution on the Certificates will be made upon presentation and surrender of Certificates at the office therein designated, (b) the amount of such final distribution, (c) the location of the office or agency at which such presentation and surrender must be made, and (d) that the Record Date otherwise applicable to such Distribution Date is not applicable, distributions being made only upon presentation and surrender of the Certificates at the office therein specified. The Master Servicer will give such notice to each Rating Agency at the time such notice is given to the Certificateholders.

In the event such notice is given, the Master Servicer shall cause all related funds in the Certificate Account to be remitted to the Trustee for deposit in the Distribution Account on or before the Business Day prior to the applicable Distribution Date in an amount equal to the final distribution in respect of the Certificates. Upon such final deposit with respect to the Mortgage Loans and REO Properties and the receipt by the Trustee of a Request for Release therefor, the Trustee shall promptly release to the Master Servicer the Mortgage Files for the Mortgage Loans.

Upon presentation and surrender of the Certificates, the Trustee shall cause to be distributed to Ambac and the Certificateholders of each Class, in each case on the final Distribution Date and in the order set forth in Section 4.02, in the case of Ambac, all amounts required to be distributed to it pursuant to Section 4.02 and, in the case of the Certificateholders and Ambac as subrogee, in proportion to their respective Percentage Interests, with respect to Certificateholders of the same Class, an amount equal to (i) as to each Class of Regular Certificates, the Certificate Balance thereof (or, in case of Ambac, Realized Losses and principal paid and not otherwise previously reimbursed pursuant to Section 4.02 or otherwise) plus accrued interest thereon (or on their Notional Amount, if applicable) in the case of an interest bearing Certificate and (ii) as to the Residual Certificates, the amount, if any, which remains on deposit in the Distribution Account (other than the amounts retained to meet claims) after application pursuant to clause (i) above. Notwithstanding the reduction of the Class Certificate Balance of any Class of Certificates to zero, such Class will be outstanding hereunder (solely for the purpose of receiving distributions and not for any other purpose) until the termination of the respective obligations and responsibilities of the Depositor, each Seller, the Master Servicer and the Trustee hereunder in accordance with Article IX.

In the event that any Certificateholders shall not surrender Certificates for cancellation within six months after the date specified in the above mentioned written notice, the Trustee shall give a second written notice to the remaining Certificateholders to surrender their Certificates for cancellation and receive the final distribution with respect thereto. If within six months after the second notice all the applicable Certificates shall not have been surrendered for cancellation, the Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining Certificateholders concerning surrender of their Certificates, and the cost thereof shall be paid out of the funds and other assets which remain a part of the Trust Fund. If within one year after the second notice all Certificates shall not have been surrendered for cancellation, Ambac, with respect to any Reimbursement Amounts, and then the Class A-R Certificateholders shall be entitled to all unclaimed funds and other assets of the Trust Fund which remain subject to this Agreement.

SECTION 9.03. Additional Termination Requirements.

(a) In the event the Master Servicer exercises its purchase option or options as provided in Section 9.01, the Mortgage Loans and REO Properties then remaining in the Trust Fund shall be terminated in accordance with the following additional requirements, unless the Trustee has been supplied with an Opinion of Counsel, at the expense of the Master Servicer to the effect that the failure to comply with the requirements of this Section 9.03 will not (i) result in the imposition of taxes on "prohibited transactions" on any REMIC as defined in section 860F of the Code, or (ii) cause any REMIC to fail to qualify as a REMIC at any time that any Certificates are outstanding:

(1) Within 90 days prior to the final Distribution Date set forth in the notice given by the Master Servicer under Section 9.02, the Master Servicer shall prepare and the Trustee, at the expense of the "tax matters person," shall adopt a plan of complete liquidation within the meaning of section 860F(a)(4) of the Code which, as evidenced by an Opinion of Counsel (which opinion shall not be an expense of the Trustee or the Tax Matters Person), meets the requirements of a qualified liquidation; and

(2) Within 90 days after the time of adoption of such a plan of complete liquidation, the Trustee shall sell all of the assets of the Trust Fund to the Master Servicer for cash in accordance with Section 9.01.

(b) The Trustee as agent for any REMIC created under this Agreement hereby agrees to adopt and sign such a plan of complete liquidation upon the written request of the Master Servicer and the receipt of the Opinion of Counsel referred to in Section 9.03(a)(1) and to take such other action in connection therewith as may be reasonably requested by the Master Servicer.

(c) By their acceptance of the Certificates, the Holders thereof hereby authorize the Master Servicer to prepare and the Trustee to adopt and sign a plan of complete liquidation.

ARTICLE X MISCELLANEOUS PROVISIONS

SECTION 10.01. Amendment.

This Agreement may be amended from time to time by the Depositor, each Seller, the Master Servicer and the Trustee without the consent of any of the Certificateholders (i) to cure any ambiguity or mistake, (ii) to correct any defective provision in this Agreement or to supplement any provision in this Agreement which may be inconsistent with any other provision in this Agreement, (iii) to conform this Agreement to the Prospectus and Prospectus Supplement provided to investors in connection with the initial offering of the Certificates, (iv) to add to the duties of the Depositor, any Seller or the Master Servicer, (v) to modify, alter, amend, add to or rescind any of the terms or provisions contained in this Agreement to comply with any rules or regulations promulgated by the Securities and Exchange Commission from time to time, (vi) to add any other provisions with respect to matters or questions arising hereunder or (vii) to modify, alter, amend, add to or rescind any of the terms or provisions contained in this Agreement; provided that any action pursuant to clauses (vi) or (vii) above shall not, as evidenced by an

Opinion of Counsel (which Opinion of Counsel shall not be an expense of the Trustee or the Trust Fund), adversely affect in any material respect the interests of any Certificateholder; provided, however, that the amendment shall be deemed not to adversely affect in any material respect the interests of the Certificateholders if the Person requesting the amendment obtains a letter from each Rating Agency stating that the amendment would not result in the downgrading or withdrawal of the respective ratings then assigned to the Certificates without regard to the Class A-3A Policy; it being understood and agreed that any such letter in and of itself will not represent a determination as to the materiality of any such amendment and will represent a determination only as to the credit issues affecting any such rating. Notwithstanding the foregoing, no amendment that significantly changes the permitted activities of the trust created by this Agreement may be made without the consent of a Majority in Interest of each Class of Certificates affected by such amendment. Each party to this Agreement hereby agrees that it will cooperate with each other party in amending this Agreement pursuant to clause (v) above. The Trustee, each Seller, the Depositor and the Master Servicer also may at any time and from time to time amend this Agreement without the consent of the Certificateholders to modify, eliminate or add to any of its provisions to such extent as shall be necessary or helpful to (i) maintain the qualification of any REMIC as a REMIC under the Code, (ii) avoid or minimize the risk of the imposition of any tax on any REMIC pursuant to the Code that would be a claim at any time prior to the final redemption of the Certificates or (iii) comply with any other requirements of the Code, provided that the Trustee has been provided an Opinion of Counsel, which opinion shall be an expense of the party requesting such opinion but in any case shall not be an expense of the Trustee or the Trust Fund, to the effect that such action is necessary or helpful to, as applicable, (i) maintain such qualification, (ii) avoid or minimize the risk of the imposition of such a tax or (iii) comply with any such requirements of the Code.

This Agreement may also be amended from time to time by the Depositor, each Seller, the Master Servicer and the Trustee with the consent of the Holders of a Majority in Interest of each Class of Certificates affected thereby 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 the Holders of such Certificates; provided, however, that no such amendment shall (i) reduce in any manner the amount of, or delay the timing of, payments required to be distributed on any Certificate without the consent of the Holder of such Certificate, (ii) adversely affect in any material respect the interests of the Holders of any Class of Certificates in a manner other than as described in (i), without the consent of the Holders of Certificates of such Class evidencing, as to such Class, Percentage Interests aggregating 66-2/3%, (iii) reduce the aforesaid percentages of Certificates the Holders of which are required to consent to any such amendment, without the consent of the Holders of all such Certificates then outstanding, or (iv) for so long as the Class A-3A Certificates are outstanding, adversely affect in any material respect the rights and interest of Ambac in any of the following provisions of this Agreement without its consent, which consent shall not be unreasonably withheld: (x) the definitions of "Class A-3A Premium" and "Reimbursement Amount" in Article I and (y) rights and interests explicitly granted to Ambac in Sections 3.07, 3.08(b), 3.16(c), 4.02(a), 4.02(c), 4.02(f), 4.06(a), 4.07, 5.03, 5.06, 7.03, 9.02, 10.01 and 10.11.

Notwithstanding any contrary provision of this Agreement, the Trustee shall not consent to any amendment to this Agreement unless it shall have first received an Opinion of Counsel, which opinion shall not be an expense of the Trustee or the Trust Fund, to the effect that such

amendment will not cause the imposition of any tax on any REMIC or the Certificateholders or cause any REMIC to fail to qualify as a REMIC at any time that any Certificates are outstanding.

Promptly after the execution of any amendment to this Agreement requiring the consent of Certificateholders, the Trustee shall furnish written notification of the substance or a copy of such amendment to each Certificateholder, Ambac and each Rating Agency.

It shall not be necessary for the consent of Certificateholders under this Section to approve the particular form of any proposed amendment, but it shall be sufficient if such consent shall approve the substance thereof. The manner of obtaining such consents and of evidencing the authorization of the execution thereof by Certificateholders shall be subject to such reasonable regulations as the Trustee may prescribe.

Nothing in this Agreement shall require the Trustee to enter into an amendment without receiving an Opinion of Counsel (which Opinion shall not be an expense of the Trustee or the Trust Fund), satisfactory to the Trustee that (i) such amendment is permitted and is not prohibited by this Agreement and that all requirements for amending this Agreement have been complied with; and (ii) either (A) the amendment does not adversely affect in any material respect the interests of any Certificateholder or (B) the conclusion set forth in the immediately preceding clause (A) is not required to be reached pursuant to this Section 10.01.

SECTION 10.02. Recordation of Agreement; Counterparts.

This Agreement is subject to recordation in all appropriate public offices for real property records in all the counties or other comparable jurisdictions in which any or all of the properties subject to the Mortgages are situated, and in any other appropriate public recording office or elsewhere, such recordation to be effected by the Master Servicer at its expense, but only upon direction by the Trustee accompanied by an Opinion of Counsel to the effect that such recordation materially and beneficially affects the interests of the Certificateholders.

For the purpose of facilitating the recordation of this Agreement as in this Agreement provided and for other purposes, this Agreement 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 but one and the same instrument.

SECTION 10.03. Governing Law.

THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE SUBSTANTIVE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN THE STATE OF NEW YORK AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HERETO AND THE CERTIFICATEHOLDERS SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 10.04. Intention of Parties.

(a) It is the express intent of the parties hereto that the conveyance of the (i) Mortgage Loans by the Sellers to the Depositor and (ii) Trust Fund by the Depositor to the Trustee each

be, and be construed as, an absolute sale thereof to the Trustee. It is, further, not the intention of the parties that such conveyances be deemed a pledge thereof. However, in the event that, notwithstanding the intent of the parties, such assets are held to be the property of any Seller or the Depositor, as the case may be, or if for any other reason this Agreement or any Supplemental Transfer Agreement is held or deemed to create a security interest in either such assets, then (i) this Agreement or any Supplemental Transfer Agreement shall be deemed to be a security agreement (within the meaning of the Uniform Commercial Code of the State of New York) with respect to all such assets and security interests and (ii) the conveyances provided for in this Agreement or any Supplemental Transfer Agreement shall be deemed to be an assignment and a grant pursuant to the terms of this Agreement (a) by each Seller to the Depositor or (b) by the Depositor to the Trustee, for the benefit of the Certificateholders, of a security interest in all of the assets that constitute the Trust Fund, whether now owned or hereafter acquired.

Each Seller and the Depositor for the benefit of the Certificateholders shall, to the extent consistent with this Agreement, take such actions as may be necessary to ensure that, if this Agreement were deemed to create a security interest in the Trust Fund, such security interest would be deemed to be a perfected security interest of first priority under applicable law and will be maintained as such throughout the term of the Agreement. The Depositor shall arrange for filing any Uniform Commercial Code continuation statements in connection with any security interest granted or assigned to the Trustee for the benefit of the Certificateholders.

(b) The Depositor hereby represents that:

(i) This Agreement creates a valid and continuing security interest (as defined in the Uniform Commercial Code as enacted in the State of New York (the "NY UCC")) in the Mortgage Notes in favor of the Trustee, which security interest is prior to all other liens, and is enforceable as such as against creditors of and purchasers from the Depositor.

(ii) The Mortgage Notes constitutes "instruments" within the meaning of the NY UCC.

(iii) Immediately prior to the assignment of each Mortgage Loan to the Trustee, the Depositor owns and has good and marketable title to such Mortgage Loan free and clear of any lien, claim or encumbrance of any Person.

(iv) The Depositor has received all consents and approvals required by the terms of the Mortgage Loans to the sale of the Mortgage Loans hereunder to the Trustee.

(v) All original executed copies of each Mortgage Note that are required to be delivered to the Trustee pursuant to Section 2.01 have been delivered to the Trustee.

(vi) Other than the security interest granted to the Trustee pursuant to this Agreement, the Depositor has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Mortgage Loans. The Depositor has not authorized the filing of and is not aware of any financing statements against the Depositor that include a description of collateral covering the Mortgage Loans other than any financing statement relating to the security interest granted to the Trustee hereunder or that has been

terminated. The Depositor is not aware of any judgment or tax lien filings against the Depositor.

(c) The Master Servicer shall take such action as is reasonably necessary to maintain the perfection and priority of the security interest of the Trustee in the Mortgage Loans; provided, however, that the obligation to deliver the Mortgage File to the Trustee pursuant to Section 2.01 shall be solely the Depositor's obligation and the Master Servicer shall not be responsible for the safekeeping of the Mortgage Files by the Trustee.

(d) It is understood and agreed that the representations and warranties set forth in subsection (b) above shall survive delivery of the Mortgage Files to the Trustee. Upon discovery by the Depositor or the Trustee of a breach of any of the foregoing representations and warranties set forth in subsection (b) above, which breach materially and adversely affects the interest of the Certificateholders, the party discovering such breach shall give prompt written notice to the others and to each Rating Agency.

SECTION 10.05. Notices.

(a) The Trustee shall use its best efforts to promptly provide notice to each Rating Agency with respect to each of the following of which it has actual knowledge:

1. Any material change or amendment to this Agreement;
2. The occurrence of any Event of Default that has not been cured;
3. The resignation or termination of the Master Servicer or the Trustee and the appointment of any successor;
4. The repurchase or substitution of Mortgage Loans pursuant to Section 2.03;
5. The final payment to Certificateholders; and
6. Any rating action involving the long-term credit rating of Countrywide, which notice shall be made by first class mail within two Business Days after the Trustee gains actual knowledge of such a rating action.

In addition, the Trustee shall promptly furnish to each Rating Agency copies of the following:

1. Each report to Certificateholders described in Section 4.06;
2. Each annual statement as to compliance described in Section 3.16;
3. Each annual independent public accountants' servicing report described in Section 11.07; and
4. Any notice of a purchase of a Mortgage Loan pursuant to Section 2.02, 2.03 or 3.11.

All directions, demands and notices under this Agreement shall be in writing and shall be deemed to have been duly given when delivered by first class mail, by courier or by facsimile transmission to (1) in the case of the Depositor, CWALT, Inc., 4500 Park Granada, Calabasas, California 91302, facsimile number: (818) 225-4016, Attention: Josh Adler, (2) in the case of Countrywide, Countrywide Home Loans, Inc., 4500 Park Granada, Calabasas, California 91302, facsimile number: (818) 225-4016, Attention: Josh Adler or such other address as may be hereafter furnished to the Depositor and the Trustee by Countrywide in writing, (3) in the case of Park Granada, Park Granada LLC, c/o Countrywide Financial Corporation, 4500 Park Granada, Calabasas, California 91302, facsimile number: (818) 225-4016, Attention: Josh Adler or such other address as may be hereafter furnished to the Depositor and the Trustee by Park Granada in writing, (4) in the case of Park Monaco Inc., c/o Countrywide Financial Corporation, 4500 Park Granada, Calabasas, California 91302, facsimile number: (818) 225-4016, Attention: Josh Adler or such other address as may be hereafter furnished to the Depositor and the Trustee by Park Monaco in writing, (5) in the case of Park Sienna LLC, c/o Countrywide Financial Corporation, 4500 Park Granada, Calabasas, California 91302, facsimile number: (818) 225-4016, Attention: Josh Adler or such other address as may be hereafter furnished to the Depositor and the Trustee by Park Sienna in writing, (6) in the case of the Master Servicer, Countrywide Home Loans Servicing LP, 400 Countrywide Way, Simi Valley, California 93065, facsimile number (805) 520-5623, Attention: Mark Wong, or such other address as may be hereafter furnished to the Depositor and the Trustee by the Master Servicer in writing, (7) in the case of the Trustee, The Bank of New York, 101 Barclay Street, 4 West, New York, New York 10286, facsimile number: (212) 815-3986, Attention: Mortgage-Backed Securities Group, CWALT, Inc. Series 2006-OA19, or such other address as the Trustee may hereafter furnish to the Depositor or Master Servicer, (8) in the case of Ambac, Ambac Assurance Corporation, One State Street Plaza, New York, New York 10004, Attention: Consumer Asset Backed Securities, Structured Finance Department or such other address as may be hereafter furnished by the Ambac to the Depositor or Master Servicer, and (9) in the case of the Rating Agencies, the address specified therefor in the definition corresponding to the name of such Rating Agency. Notices to Certificateholders shall be deemed given when mailed, first class postage prepaid, to their respective addresses appearing in the Certificate Register.

SECTION 10.06. Severability of Provisions.

If any one or more of the covenants, agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid, 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 of the Certificates or the rights of the Holders of the Certificates.

SECTION 10.07. Assignment.

Notwithstanding anything to the contrary contained in this Agreement, except as provided in Section 6.02, this Agreement may not be assigned by the Master Servicer without the prior written consent of the Trustee and the Depositor.

SECTION 10.08. Limitation on Rights of Certificateholders.

The death or incapacity of any Certificateholder shall not operate to terminate this Agreement or the trust created hereby, nor entitle such Certificateholder's legal representative or heirs to claim an accounting or to take any action or commence any proceeding in any court for a petition or winding up of the trust created by this Agreement, or otherwise affect the rights, obligations and liabilities of the parties hereto or any of them.

No Certificateholder shall have any right to vote (except as provided in this Agreement) or in any manner otherwise control the operation and management of the Trust Fund, or the obligations of the parties hereto, nor shall anything set forth in this Agreement or contained in the terms of the Certificates be construed so as to constitute the Certificateholders from time to time as partners or members of an association; nor shall any Certificateholder be under any liability to any third party by reason of any action taken by the parties to this Agreement pursuant to any provision of this Agreement.

No Certificateholder 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 Holder previously shall have given to the Trustee a written notice of an Event of Default and of the continuance thereof, as provided in this Agreement, and unless the Holders of Certificates evidencing not less than 25% of the Voting Rights evidenced by the Certificates shall also have made written request to the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder 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 60 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; it being understood and intended, and being expressly covenanted by each Certificateholder with every other Certificateholder and the Trustee, that no one or more Holders of Certificates 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 Holders of any other of the Certificates, or to obtain or seek to obtain priority over or preference to any other such Holder or to enforce any right under this Agreement, except in the manner provided in this Agreement and for the common benefit of all Certificateholders. For the protection and enforcement of the provisions of this Section 10.08, each and every Certificateholder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

SECTION 10.09. Inspection and Audit Rights.

The Master Servicer agrees that, on reasonable prior notice, it will permit and will cause each Subservicer to permit any representative of the Depositor or the Trustee during the Master Servicer's normal business hours, to examine all the books of account, records, reports and other papers of the Master Servicer relating to the Mortgage Loans, to make copies and extracts therefrom, to cause such books to be audited by independent certified public accountants selected by the Depositor or the Trustee and to discuss its affairs, finances and accounts relating to the Mortgage Loans with its officers, employees and independent public accountants (and by this provision the Master Servicer hereby authorizes said accountants to discuss with such representative such affairs, finances and accounts), all at such reasonable times and as often as

may be reasonably requested. Any out-of-pocket expense incident to the exercise by the Depositor or the Trustee of any right under this Section 10.09 shall be borne by the party requesting such inspection; all other such expenses shall be borne by the Master Servicer or the related Subservicer.

SECTION 10.10. Certificates Nonassessable and Fully Paid.

It is the intention of the Depositor that Certificateholders shall not be personally liable for obligations of the Trust Fund, that the interests in the Trust Fund represented by the Certificates shall be nonassessable for any reason whatsoever, and that the Certificates, upon due authentication thereof by the Trustee pursuant to this Agreement, are and shall be deemed fully paid.

SECTION 10.11. Ambac Rights.

(a) All notices, statements reports, certificates or opinions required by this Agreement to be sent to the Rating Agencies or the Class A-3A Certificateholders shall also be sent at such time to Ambac at the notice address set forth in Section 10.05.

(b) Ambac shall be an express third party beneficiary of this Agreement for the purpose of enforcing the provisions hereof to the extent of Ambac's rights explicitly specified herein as if a party hereto.

(c) All references herein to the ratings assigned to the Certificates and to the interests of any Certificateholders shall be without regard to the Class A-3A Policy.

SECTION 10.12. Protection of Assets.

(a) Except for transactions and activities entered into in connection with the securitization that is the subject of this Agreement, the Trust Fund created by this Agreement is not authorized and has no power to:

- (i) borrow money or issue debt;
- (ii) merge with another entity, reorganize, liquidate or sell assets; or
- (iii) engage in any business or activities.

(b) Each party to this Agreement agrees that it will not file an involuntary bankruptcy petition against the Trustee or the Trust Fund or initiate any other form of insolvency proceeding until after the Certificates have been paid.

ARTICLE XI
EXCHANGE ACT REPORTING

SECTION 11.01. Filing Obligations.

The Master Servicer, the Trustee and each Seller shall reasonably cooperate with the Depositor in connection with the satisfaction of the Depositor's reporting requirements under the Exchange Act with respect to the Trust Fund. In addition to the information specified below, if so requested by the Depositor for the purpose of satisfying its reporting obligation under the Exchange Act, the Master Servicer, the Trustee and each Seller shall (and the Master Servicer shall cause each Subservicer to) provide the Depositor with (a) such information which is available to such Person without unreasonable effort or expense and within such timeframe as may be reasonably requested by the Depositor to comply with the Depositor's reporting obligations under the Exchange Act and (b) to the extent such Person is a party (and the Depositor is not a party) to any agreement or amendment required to be filed, copies of such agreement or amendment in EDGAR-compatible form.

SECTION 11.02. Form 10-D Filings.

(a) In accordance with the Exchange Act, the Trustee shall prepare for filing and file within 15 days after each Distribution Date (subject to permitted extensions under the Exchange Act) with the Commission with respect to the Trust Fund, a Form 10-D with copies of the Monthly Statement and, to the extent delivered to the Trustee, no later than 10 days following the Distribution Date, such other information identified by the Depositor or the Master Servicer, in writing, to be filed with the Commission (such other information, the "Additional Designated Information"). If the Depositor or Master Servicer directs that any Additional Designated Information is to be filed with any Form 10-D, the Depositor or Master Servicer, as the case may be, shall specify the Item on Form 10-D to which such information is responsive and, with respect to any Exhibit to be filed on Form 10-D, the Exhibit number. Any information to be filed on Form 10-D shall be delivered to the Trustee in EDGAR-compatible form or as otherwise agreed upon by the Trustee and the Depositor or the Master Servicer, as the case may be, at the Depositor's expense, and any necessary conversion to EDGAR-compatible format will be at the Depositor's expense. At the reasonable request of, and in accordance with the reasonable directions of, the Depositor or the Master Servicer, subject to the two preceding sentences, the Trustee shall prepare for filing and file an amendment to any Form 10-D previously filed with the Commission with respect to the Trust Fund. The Master Servicer shall sign the Form 10-D filed on behalf of the Trust Fund.

(b) No later than each Distribution Date, each of the Master Servicer and the Trustee shall notify (and the Master Servicer shall cause any Subservicer to notify) the Depositor and the Master Servicer of any Form 10-D Disclosure Item, together with a description of any such Form 10-D Disclosure Item in form and substance reasonably acceptable to the Depositor. In addition to such information as the Master Servicer and the Trustee are obligated to provide pursuant to other provisions of this Agreement, if so requested by the Depositor, each of the Master Servicer and the Trustee shall provide such information which is available to the Master Servicer and the Trustee, as applicable, without unreasonable effort or expense regarding the performance or servicing of the Mortgage Loans (in the case of the Trustee, based on the information provided by the Master Servicer) as is reasonably required to facilitate preparation of distribution reports

in accordance with Item 1121 of Regulation AB. Such information shall be provided concurrently with the delivery of the reports specified in Section 4.06(c) in the case of the Master Servicer and the Monthly Statement in the case of the Trustee, commencing with the first such report due not less than five Business Days following such request.

(c) The Trustee shall not have any responsibility to file any items (other than those generated by it) that have not been received in a format suitable (or readily convertible into a format suitable) for electronic filing via the EDGAR system and shall not have any responsibility to convert any such items to such format (other than those items generated by it or that are readily convertible to such format). The Trustee shall have no liability to the Certificateholders, the Trust Fund, the Master Servicer or the Depositor with respect to any failure to properly prepare or file any of Form 10-D to the extent that such failure is not the result of any negligence, bad faith or willful misconduct on its part.

SECTION 11.03. Form 8-K Filings.

The Master Servicer shall prepare and file on behalf of the Trust Fund any Form 8-K required by the Exchange Act. Each Form 8-K must be signed by the Master Servicer. Each of the Master Servicer (and the Master Servicer shall cause any Subservicer to promptly notify), and the Trustee shall promptly notify the Depositor and the Master Servicer (if the notifying party is not the Master Servicer), but in no event later than one (1) Business Day after its occurrence, of any Reportable Event of which it has actual knowledge. Each Person shall be deemed to have actual knowledge of any such event to the extent that it relates to such Person or any action or failure to act by such Person. Concurrently with any transfer of Supplemental Mortgage Loans, if any, Countrywide shall notify the Depositor and the Master Servicer, if any material pool characteristic of the actual asset pool at the time of issuance of the Certificates differs by 5% or more (other than as a result of the pool assets converting into cash in accordance with their terms) from the description of the asset pool in the Prospectus Supplement.

SECTION 11.04. Form 10-K Filings.

Prior to March 30th of each year, commencing in 2007 (or such earlier date as may be required by the Exchange Act), the Depositor shall prepare and file on behalf of the Trust Fund a Form 10-K, in form and substance as required by the Exchange Act. A senior officer in charge of the servicing function of the Master Servicer shall sign each Form 10-K filed on behalf of the Trust Fund. Such Form 10-K shall include as exhibits each (i) annual compliance statement described under Section 3.16, (ii) annual report on assessments of compliance with servicing criteria described under Section 11.07 and (iii) accountant's report described under Section 11.07. Each Form 10-K shall also include any Sarbanes-Oxley Certification required to be included therewith, as described in Section 11.05.

If the Item 1119 Parties listed on Exhibit T have changed since the Closing Date, no later than March 1 of each year, the Master Servicer shall provide each of the Master Servicer (and the Master Servicer shall provide any Subservicer) and the Trustee with an updated Exhibit T setting forth the Item 1119 Parties. No later than March 15 of each year, commencing in 2007, the Master Servicer and the Trustee shall notify (and the Master Servicer shall cause any Subservicer to notify) the Depositor and the Master Servicer of any Form 10-K Disclosure Item, together with a description of any such Form 10-K Disclosure Item in form and substance

reasonably acceptable to the Depositor. Additionally, each of the Master Servicer and the Trustee shall provide, and shall cause each Reporting Subcontractor retained by the Master Servicer or the Trustee, as applicable, and in the case of the Master Servicer shall cause each Subservicer, to provide, the following information no later than March 15 of each year in which a Form 10-K is required to be filed on behalf of the Trust Fund: (i) if such Person's report on assessment of compliance with servicing criteria described under Section 11.07 or related registered public accounting firm attestation report described under Section 11.07 identifies any material instance of noncompliance, notification of such instance of noncompliance and (ii) if any such Person's report on assessment of compliance with servicing criteria or related registered public accounting firm attestation report is not provided to be filed as an exhibit to such Form 10-K, information detailing the explanation why such report is not included.

SECTION 11.05. Sarbanes-Oxley Certification.

Each Form 10-K shall include a certification (the "Sarbanes-Oxley Certification") required by Rules 13a-14(d) and 15d-14(d) under the Exchange Act (pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and the rules and regulations of the Commission promulgated thereunder (including any interpretations thereof by the Commission's staff)). No later than March 15 of each year, beginning in 2007, the Master Servicer and the Trustee shall (unless such person is the Certifying Person), and the Master Servicer shall cause each Subservicer and each Reporting Subcontractor and the Trustee shall cause each Reporting Subcontractor to, provide to the Person who signs the Sarbanes-Oxley Certification (the "Certifying Person") a certification (each, a "Performance Certification"), in the form attached hereto as Exhibit R-1 (in the case of a Subservicer or any Reporting Subcontractor of the Master Servicer or a Subservicer) and Exhibit R-2 (in the case of the Trustee or any Reporting Subcontractor of the Trustee), on which the Certifying Person, the entity for which the Certifying Person acts as an officer, and such entity's officers, directors and Affiliates (collectively with the Certifying Person, "Certification Parties") can reasonably rely. The senior officer in charge of the servicing function of the Master Servicer shall serve as the Certifying Person on behalf of the Trust Fund. Neither the Master Servicer nor the Depositor will request delivery of a certification under this clause unless the Depositor is required under the Exchange Act to file an annual report on Form 10-K with respect to the Trust Fund. In the event that prior to the filing date of the Form 10-K in March of each year, the Trustee or the Depositor has actual knowledge of information material to the Sarbanes-Oxley Certification, the Trustee or the Depositor, as the case may be, shall promptly notify the Master Servicer and the Depositor. The respective parties hereto agree to cooperate with all reasonable requests made by any Certifying Person or Certification Party in connection with such Person's attempt to conduct any due diligence that such Person reasonably believes to be appropriate in order to allow it to deliver any Sarbanes-Oxley Certification or portion thereof with respect to the Trust Fund.

SECTION 11.06. Form 15 Filing.

Prior to January 30 of the first year in which the Depositor is able to do so under applicable law, the Depositor shall file a Form 15 relating to the automatic suspension of reporting in respect of the Trust Fund under the Exchange Act.

SECTION 11.07. Report on Assessment of Compliance and Attestation.

(a) On or before March 15 of each calendar year, commencing in 2007:

(i) Each of the Master Servicer and the Trustee shall deliver to the Depositor and the Master Servicer a report (in form and substance reasonably satisfactory to the Depositor) regarding the Master Servicer's or the Trustee's, as applicable, assessment of compliance with the Servicing Criteria during the immediately preceding calendar year, as required under Rules 13a-18 and 15d-18 of the Exchange Act and Item 1122 of Regulation AB. Such report shall be signed by an authorized officer of such Person and shall address each of the Servicing Criteria specified on a certification substantially in the form of Exhibit S hereto delivered to the Depositor concurrently with the execution of this Agreement. To the extent any of the Servicing Criteria are not applicable to such Person, with respect to asset-backed securities transactions taken as a whole involving such Person and that are backed by the same asset type backing the Certificates, such report shall include such a statement to that effect. The Depositor and the Master Servicer, and each of their respective officers and directors shall be entitled to rely on upon each such servicing criteria assessment.

(ii) Each of the Master Servicer and the Trustee shall deliver to the Depositor and the Master Servicer a report of a registered public accounting firm reasonably acceptable to the Depositor that attests to, and reports on, the assessment of compliance made by Master Servicer or the Trustee, as applicable, and delivered pursuant to the preceding paragraphs. Such attestation shall be in accordance with Rules 1-02(a)(3) and 2-02(g) of Regulation S-X under the Securities Act and the Exchange Act, including, without limitation that in the event that an overall opinion cannot be expressed, such registered public accounting firm shall state in such report why it was unable to express such an opinion. Such report must be available for general use and not contain restricted use language. To the extent any of the Servicing Criteria are not applicable to such Person, with respect to asset-backed securities transactions taken as a whole involving such Person and that are backed by the same asset type backing the Certificates, such report shall include such a statement to that effect.

(iii) The Master Servicer shall cause each Subservicer and each Reporting Subcontractor to deliver to the Depositor an assessment of compliance and accountant's attestation as and when provided in paragraphs (a) and (b) of this Section 11.07.

(iv) The Trustee shall cause each Reporting Subcontractor to deliver to the Depositor and the Master Servicer an assessment of compliance and accountant's attestation as and when provided in paragraphs (a) and (b) of this Section.

(v) The Master Servicer and the Trustee shall execute (and the Master Servicer shall cause each Subservicer to execute, and the Master Servicer and the Trustee shall cause each Reporting Subcontractor to execute) a reliance certificate to enable the Certification Parties to rely upon each (i) annual compliance statement provided pursuant to Section 3.16, (ii) annual report on assessments of compliance with servicing criteria provided pursuant to this Section 11.07 and (iii) accountant's report provided pursuant to this Section 11.07 and shall include a certification that each such annual compliance

statement or report discloses any deficiencies or defaults described to the registered public accountants of such Person to enable such accountants to render the certificates provided for in this Section 11.07. In the event the Master Servicer, any Subservicer, the Trustee or Reporting Subcontractor is terminated or resigns during the term of this Agreement, such Person shall provide a certification to the Certifying Person pursuant to this Section 11.07 with respect to the period of time it was subject to this Agreement or provided services with respect to the Trust Fund, the Certificates or the Mortgage Loans.

(b) In the event the Master Servicer, any Subservicer, the Trustee or Reporting Subcontractor is terminated or resigns during the term of this Agreement, such Person shall provide documents and information required by this Section 11.07 with respect to the period of time it was subject to this Agreement or provided services with respect to the Trust Fund, the Certificates or the Mortgage Loans.

(c) Each assessment of compliance provided by a Subservicer pursuant to Section 11.07(a)(3) shall address each of the Servicing Criteria specified on a certification substantially in the form of Exhibit S hereto delivered to the Depositor concurrently with the execution of this Agreement or, in the case of a Subservicer subsequently appointed as such, on or prior to the date of such appointment. An assessment of compliance provided by a Subcontractor pursuant to Section 11.07(a)(3) or (4) need not address any elements of the Servicing Criteria other than those specified by the Master Servicer or the Trustee, as applicable, pursuant to Section 11.07(a)(1).

SECTION 11.08. Use of Subservicers and Subcontractors.

(a) The Master Servicer shall cause any Subservicer used by the Master Servicer (or by any Subservicer) for the benefit of the Depositor to comply with the provisions of Section 3.16 and this Article XI to the same extent as if such Subservicer were the Master Servicer (except with respect to the Master Servicer's duties with respect to preparing and filing any Exchange Act Reports or as the Certifying Person). The Master Servicer shall be responsible for obtaining from each Subservicer and delivering to the Depositor any servicer compliance statement required to be delivered by such Subservicer under Section 3.16, any assessment of compliance and attestation required to be delivered by such Subservicer under Section 11.07 and any certification required to be delivered to the Certifying Person under Section 11.05 as and when required to be delivered. As a condition to the succession to any Subservicer as subservicer under this Agreement by any Person (i) into which such Subservicer may be merged or consolidated, or (ii) which may be appointed as a successor to any Subservicer, the Master Servicer shall provide to the Depositor, at least 15 calendar days prior to the effective date of such succession or appointment, (x) written notice to the Depositor of such succession or appointment and (y) in writing and in form and substance reasonably satisfactory to the Depositor, all information reasonably requested by the Depositor in order to comply with its reporting obligation under Item 6.02 of Form 8-K.

(b) It shall not be necessary for the Master Servicer, any Subservicer or the Trustee to seek the consent of the Depositor or any other party hereto to the utilization of any Subcontractor. The Master Servicer or the Trustee, as applicable, shall promptly upon request provide to the Depositor (or any designee of the Depositor, such as the Master Servicer or administrator) a written description (in form and substance satisfactory to the Depositor) of the

role and function of each Subcontractor utilized by such Person (or in the case of the Master Servicer, any Subservicer), specifying (i) the identity of each such Subcontractor, (ii) which (if any) of such Subcontractors are "participating in the servicing function" within the meaning of Item 1122 of Regulation AB, and (iii) which elements of the Servicing Criteria will be addressed in assessments of compliance provided by each Subcontractor identified pursuant to clause (ii) of this paragraph.

As a condition to the utilization of any Subcontractor determined to be a Reporting Subcontractor, the Master Servicer or the Trustee, as applicable, shall cause any such Subcontractor used by such Person (or in the case of the Master Servicer, any Subservicer) for the benefit of the Depositor to comply with the provisions of Sections 11.07 and 11.09 of this Agreement to the same extent as if such Subcontractor were the Master Servicer (except with respect to the Master Servicer's duties with respect to preparing and filing any Exchange Act Reports or as the Certifying Person) or the Trustee, as applicable. The Master Servicer or the Trustee, as applicable, shall be responsible for obtaining from each Subcontractor and delivering to the Depositor and the Master Servicer, any assessment of compliance and attestation required to be delivered by such Subcontractor under Section 11.05 and Section 11.07, in each case as and when required to be delivered.

SECTION 11.09. Amendments.

In the event the parties to this Agreement desire to further clarify or amend any provision of this Article XI, this Agreement shall be amended to reflect the new agreement between the parties covering matters in this Article XI pursuant to Section 10.01, which amendment shall not require any Opinion of Counsel or Rating Agency confirmations or the consent of any Certificateholder. If, during the period that the Depositor is required to file Exchange Act Reports with respect to the Trust Fund, the Master Servicer is no longer an Affiliate of the Depositor, the Depositor shall assume the obligations and responsibilities of the Master Servicer in this Article XI with respect to the preparation and filing of the Exchange Act Reports and/or acting as the Certifying Person, if the Depositor has received indemnity from such successor Master Servicer satisfactory to the Depositor, and such Master Servicer has agreed to provide a Sarbanes-Oxley Certification to the Depositor substantially in the form of Exhibit U, and the certifications referred to in Section 11.07.

SECTION 11.10. Reconciliation of Accounts.

Any reconciliation of Accounts performed by any party hereto, or any Subservicer or Subcontractor, shall be prepared no later than 45 calendar days after the bank statement cutoff date.

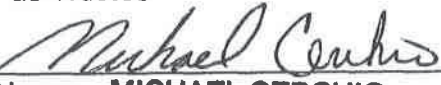
* * * * *

IN WITNESS WHEREOF, the Depositor, the Trustee, the Sellers and the Master Servicer have caused their names to be signed hereto by their respective officers thereunto duly authorized as of the day and year first above written.

CWALT, INC.,
as Depositor

By: 
Name: Michael Schloessmann
Title: Vice President

THE BANK OF NEW YORK,
as Trustee

By: 
Name: MICHAEL CERCHIO
Title: ASSISTANT TREASURER

COUNTRYWIDE HOME LOANS, INC.,
as Seller

By: 
Name: Michael Schloessmann
Title: Senior Vice President

PARK GRANADA LLC,
as Seller

By: 
Name: Michael Schloessmann
Title: Assistant Vice President

COUNTRYWIDE HOME LOANS SERVICING LP,
as Master Servicer

By: Countrywide GP, Inc.

By: 
Name: Michael Schloessmann
Title: Senior Vice President

PARK SIENNA LLC,
as Seller

By: 
Name: Michael Schloessmann
Title: Assistant Vice President

PARK MONACO INC.
as Seller

By: 
Name: Michael Schloessmann
Title: Vice President

Acknowledged solely with respect to the
Trustee's obligations under Section 4.01(b):

THE BANK OF NEW YORK, in its individual
capacity

By: 

Name: Paul Connolly
Title: Vice President

CWALT 2006-OA19

SCHEDULE I
Mortgage Loan Schedule
[Delivered at Closing to Trustee]

SCHEDULE I-A
Prepayment Charge Schedule
[Delivered at Closing to Trustee]

SCHEDULE II-A
CWALT, Inc.
Mortgage Pass-Through Certificates
Series 2006-OA19
Representations and Warranties of Countrywide

Countrywide Home Loans, Inc. ("Countrywide") hereby makes the representations and warranties set forth in this Schedule II-A to the Depositor, the Master Servicer and the Trustee, as of the Closing Date or if so specified herein, as of the Initial Cut-off Date. Capitalized terms used but not otherwise defined in this Schedule II-A shall have the meanings ascribed thereto in the Pooling and Servicing Agreement (the "Pooling and Servicing Agreement") relating to the above-referenced Series, among Countrywide, as a seller, Park Granada LLC as a seller, Park Monaco Inc., as a seller, Park Sienna LLC, as a seller, Countrywide Home Loans Servicing LP, as master servicer, CWALT, Inc., as depositor, and The Bank of New York, as trustee.

(1) Countrywide is duly organized as a New York corporation and is validly existing and in good standing under the laws of the State of New York and is duly authorized and qualified to transact any and all business contemplated by the Pooling and Servicing Agreement to be conducted by Countrywide in any state in which a Mortgaged Property is located or is otherwise not required under applicable law to effect such qualification and, in any event, is in compliance with the doing business laws of any such state, to the extent necessary to perform any of its obligations under the Pooling and Servicing Agreement and each Supplemental Transfer Agreement in accordance with the terms thereof.

(2) Countrywide has the full corporate power and authority to sell each Countrywide Mortgage Loan, and to execute, deliver and perform, and to enter into and consummate the transactions contemplated by the Pooling and Servicing Agreement and each Supplemental Transfer Agreement and has duly authorized by all necessary corporate action on the part of Countrywide the execution, delivery and performance of the Pooling and Servicing Agreement and each Supplemental Transfer Agreement; and the Pooling and Servicing Agreement and each Supplemental Transfer Agreement, assuming the due authorization, execution and delivery thereof by the other parties thereto, constitutes a legal, valid and binding obligation of Countrywide, enforceable against Countrywide in accordance with its terms, except that (a) the enforceability thereof may be limited by bankruptcy, insolvency, moratorium, receivership and other similar laws relating to creditors' rights generally and (b) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(3) The execution and delivery of the Pooling and Servicing Agreement and each Supplemental Transfer Agreement by Countrywide, the sale of the Countrywide Mortgage Loans by Countrywide under the Pooling and Servicing Agreement and each Supplemental Transfer Agreement, the consummation of any other of the transactions contemplated by the Pooling and Servicing Agreement, and the fulfillment of or compliance with the terms thereof are in the ordinary course of business of Countrywide and will not (A) result in a material breach of any term or provision of the charter or by-laws of Countrywide or (B) materially conflict with, result in a material breach, violation or acceleration of, or result in a material default under, the

terms of any other material agreement or instrument to which Countrywide is a party or by which it may be bound, or (C) constitute a material violation of any statute, order or regulation applicable to Countrywide of any court, regulatory body, administrative agency or governmental body having jurisdiction over Countrywide; and Countrywide is not in breach or violation of any material indenture or other material agreement or instrument, or in violation of any statute, order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over it which breach or violation may materially impair Countrywide's ability to perform or meet any of its obligations under the Pooling and Servicing Agreement.

(4) Countrywide is an approved servicer of conventional mortgage loans for FNMA or FHLMC and is a mortgagee approved by the Secretary of Housing and Urban Development pursuant to sections 203 and 211 of the National Housing Act.

(5) No litigation is pending or, to the best of Countrywide's knowledge, threatened, against Countrywide that would materially and adversely affect the execution, delivery or enforceability of the Pooling and Servicing Agreement or the ability of Countrywide to sell the Countrywide Mortgage Loans or to perform any of its other obligations under the Pooling and Servicing Agreement in accordance with the terms thereof.

(6) No consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by Countrywide of, or compliance by Countrywide with, the Pooling and Servicing Agreement or the consummation of the transactions contemplated thereby, or if any such consent, approval, authorization or order is required, Countrywide has obtained the same.

(7) Countrywide intends to treat the transfer of the Countrywide Mortgage Loans to the Depositor as a sale of the Countrywide Mortgage Loans for all tax, accounting and regulatory purposes.

(8) Countrywide is a member of MERS in good standing, and will comply in all material respects with the rules and procedures of MERS in connection with the servicing of the MERS Mortgage Loans in the Trust Fund for as long as such Mortgage Loans are registered with MERS.

SCHEDULE II-B

CWALT, Inc.

Mortgage Pass-Through Certificates

Series 2006-OA19

Representations and Warranties of Park Granada

Park Granada LLC ("Park Granada") and Countrywide Home Loans, Inc. ("Countrywide"), each hereby makes the representations and warranties set forth in this Schedule II-B to the Depositor, the Master Servicer and the Trustee, as of the Closing Date, or if so specified herein, as of the Initial Cut-off Date. Capitalized terms used but not otherwise defined in this Schedule II-B shall have the meanings ascribed thereto in the Pooling and Servicing Agreement (the "Pooling and Servicing Agreement") relating to the above-referenced Series, among Park Granada, as a seller, Park Monaco Inc., as a seller, Park Sienna LLC, as a seller, Countrywide, as a seller, Countrywide Home Loans Servicing LP, as master servicer, CWALT, Inc., as depositor, and The Bank of New York, as trustee.

(1) Park Granada is a limited liability company duly formed and validly existing and in good standing under the laws of the State of Delaware.

(2) Park Granada has the full corporate power and authority to sell each Park Granada Mortgage Loan, and to execute, deliver and perform, and to enter into and consummate the transactions contemplated by the Pooling and Servicing Agreement and each Supplemental Transfer Agreement and has duly authorized by all necessary corporate action on the part of Park Granada the execution, delivery and performance of the Pooling and Servicing Agreement and each Supplemental Transfer Agreement; and the Pooling and Servicing Agreement and each Supplemental Transfer Agreement, assuming the due authorization, execution and delivery thereof by the other parties thereto, constitutes a legal, valid and binding obligation of Park Granada, enforceable against Park Granada in accordance with its terms, except that (a) the enforceability thereof may be limited by bankruptcy, insolvency, moratorium, receivership and other similar laws relating to creditors' rights generally and (b) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(3) The execution and delivery of the Pooling and Servicing Agreement and each Supplemental Transfer Agreement by Park Granada, the sale of the Park Granada Mortgage Loans by Park Granada under the Pooling and Servicing Agreement and each Supplemental Transfer Agreement, the consummation of any other of the transactions contemplated by the Pooling and Servicing Agreement, and the fulfillment of or compliance with the terms thereof are in the ordinary course of business of Park Granada and will not (A) result in a material breach of any term or provision of the certificate of formation or the limited liability company agreement of Park Granada or (B) materially conflict with, result in a material breach, violation or acceleration of, or result in a material default under, the terms of any other material agreement or instrument to which Park Granada is a party or by which it may be bound, or (C) constitute a material violation of any statute, order or regulation applicable to Park Granada of any court,

regulatory body, administrative agency or governmental body having jurisdiction over Park Granada; and Park Granada is not in breach or violation of any material indenture or other material agreement or instrument, or in violation of any statute, order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over it which breach or violation may materially impair Park Granada's ability to perform or meet any of its obligations under the Pooling and Servicing Agreement.

(4) No litigation is pending or, to the best of Park Granada's knowledge, threatened, against Park Granada that would materially and adversely affect the execution, delivery or enforceability of the Pooling and Servicing Agreement or the ability of Park Granada to sell the Park Granada Mortgage Loans or to perform any of its other obligations under the Pooling and Servicing Agreement in accordance with the terms thereof.

(5) No consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by Park Granada of, or compliance by Park Granada with, the Pooling and Servicing Agreement or the consummation of the transactions contemplated thereby, or if any such consent, approval, authorization or order is required, Park Granada has obtained the same.

(6) Park Granada intends to treat the transfer of the Park Granada Mortgage Loans to the Depositor as a sale of the Park Granada Mortgage Loans for all tax, accounting and regulatory purposes.

SCHEDULE II-C

CWALT, Inc.

Mortgage Pass-Through Certificates

Series 2006-OA19

Representations and Warranties of Park Monaco

Park Monaco Inc. ("Park Monaco") and Countrywide Home Loans, Inc. ("Countrywide"), each hereby makes the representations and warranties set forth in this Schedule II-C to the Depositor, the Master Servicer and the Trustee, as of the Closing Date, or if so specified herein, as of the Initial Cut-off Date. Capitalized terms used but not otherwise defined in this Schedule II-C shall have the meanings ascribed thereto in the Pooling and Servicing Agreement (the "Pooling and Servicing Agreement") relating to the above-referenced Series, among Park Monaco, as a seller, Countrywide, as a seller, Park Granada LLC, as a seller, Park Sienna LLC, as a seller, Countrywide Home Loans Servicing LP, as master servicer, CWALT, Inc., as depositor, and The Bank of New York, as trustee.

(1) Park Monaco is a corporation duly formed and validly existing and in good standing under the laws of the State of Delaware.

(2) Park Monaco has the full corporate power and authority to sell each Park Monaco Mortgage Loan, and to execute, deliver and perform, and to enter into and consummate the transactions contemplated by the Pooling and Servicing Agreement and each Supplemental Transfer Agreement and has duly authorized by all necessary corporate action on the part of Park Monaco the execution, delivery and performance of the Pooling and Servicing Agreement and each Supplemental Transfer Agreement; and the Pooling and Servicing Agreement and each Supplemental Transfer Agreement, assuming the due authorization, execution and delivery thereof by the other parties thereto, constitutes a legal, valid and binding obligation of Park Monaco, enforceable against Park Monaco in accordance with its terms, except that (a) the enforceability thereof may be limited by bankruptcy, insolvency, moratorium, receivership and other similar laws relating to creditors' rights generally and (b) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(3) The execution and delivery of the Pooling and Servicing Agreement and each Supplemental Transfer Agreement by Park Monaco, the sale of the Park Monaco Mortgage Loans by Park Monaco under the Pooling and Servicing Agreement and each Supplemental Transfer Agreement, the consummation of any other of the transactions contemplated by the Pooling and Servicing Agreement and each Supplemental Transfer Agreement, and the fulfillment of or compliance with the terms thereof are in the ordinary course of business of Park Monaco and will not (A) result in a material breach of any term or provision of the certificate of incorporation or by-laws of Park Monaco or (B) materially conflict with, result in a material breach, violation or acceleration of, or result in a material default under, the terms of any other material agreement or instrument to which Park Monaco is a party or by which it may be bound, or (C) constitute a material violation of any statute, order or regulation applicable to Park

Monaco of any court, regulatory body, administrative agency or governmental body having jurisdiction over Park Monaco; and Park Monaco is not in breach or violation of any material indenture or other material agreement or instrument, or in violation of any statute, order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over it which breach or violation may materially impair Park Monaco's ability to perform or meet any of its obligations under the Pooling and Servicing Agreement.

(4) No litigation is pending or, to the best of Park Monaco's knowledge, threatened, against Park Monaco that would materially and adversely affect the execution, delivery or enforceability of the Pooling and Servicing Agreement or the ability of Park Monaco to sell the Park Monaco Mortgage Loans or to perform any of its other obligations under the Pooling and Servicing Agreement in accordance with the terms thereof.

(5) No consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by Park Monaco of, or compliance by Park Monaco with, the Pooling and Servicing Agreement or the consummation of the transactions contemplated thereby, or if any such consent, approval, authorization or order is required, Park Monaco has obtained the same.

(6) Park Monaco intends to treat the transfer of the Park Monaco Mortgage Loans to the Depositor as a sale of the Park Monaco Mortgage Loans for all tax, accounting and regulatory purposes.

SCHEDULE II-D

CWALT, Inc.

Mortgage Pass-Through Certificates

Series 2006-OA19

Representations and Warranties of Park Sienna

Park Sienna LLC ("Park Sienna") and Countrywide Home Loans, Inc. ("Countrywide"), each hereby makes the representations and warranties set forth in this Schedule II-D to the Depositor, the Master Servicer and the Trustee, as of the Closing Date, or if so specified herein, as of the Initial Cut-off Date. Capitalized terms used but not otherwise defined in this Schedule II-D shall have the meanings ascribed thereto in the Pooling and Servicing Agreement (the "Pooling and Servicing Agreement") relating to the above-referenced Series, among Park Sienna, as a seller, Countrywide, as a seller, Park Granada LLC, as a seller, Park Monaco Inc., as a seller, Countrywide Home Loans Servicing LP, as master servicer, CWALT, Inc., as depositor, and The Bank of New York, as trustee.

(1) Park Sienna is a limited liability company duly formed and validly existing and in good standing under the laws of the State of Delaware.

(2) Park Sienna has the full corporate power and authority to sell each Park Sienna Mortgage Loan, and to execute, deliver and perform, and to enter into and consummate the transactions contemplated by the Pooling and Servicing Agreement and each Supplemental Transfer Agreement and has duly authorized by all necessary corporate action on the part of Park Sienna the execution, delivery and performance of the Pooling and Servicing Agreement and each Supplemental Transfer Agreement; and the Pooling and Servicing Agreement and each Supplemental Transfer Agreement, assuming the due authorization, execution and delivery thereof by the other parties thereto, constitutes a legal, valid and binding obligation of Park Sienna, enforceable against Park Sienna in accordance with its terms, except that (a) the enforceability thereof may be limited by bankruptcy, insolvency, moratorium, receivership and other similar laws relating to creditors' rights generally and (b) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(3) The execution and delivery of the Pooling and Servicing Agreement and each Supplemental Transfer Agreement by Park Sienna, the sale of the Park Sienna Mortgage Loans by Park Sienna under the Pooling and Servicing Agreement and each Supplemental Transfer Agreement, the consummation of any other of the transactions contemplated by the Pooling and Servicing Agreement, and the fulfillment of or compliance with the terms thereof are in the ordinary course of business of Park Sienna and will not (A) result in a material breach of any term or provision of the certificate of formation or the limited liability company agreement of Park Sienna or (B) materially conflict with, result in a material breach, violation or acceleration of, or result in a material default under, the terms of any other material agreement or instrument to which Park Sienna is a party or by which it may be bound, or (C) constitute a material violation of any statute, order or regulation applicable to Park Sienna of any court, regulatory

body, administrative agency or governmental body having jurisdiction over Park Sienna; and Park Sienna is not in breach or violation of any material indenture or other material agreement or instrument, or in violation of any statute, order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over it which breach or violation may materially impair Park Sienna's ability to perform or meet any of its obligations under the Pooling and Servicing Agreement.

(4) No litigation is pending or, to the best of Park Sienna's knowledge, threatened, against Park Sienna that would materially and adversely affect the execution, delivery or enforceability of the Pooling and Servicing Agreement or the ability of Park Sienna to sell the Park Sienna Mortgage Loans or to perform any of its other obligations under the Pooling and Servicing Agreement in accordance with the terms thereof.

(5) No consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by Park Sienna of, or compliance by Park Sienna with, the Pooling and Servicing Agreement or the consummation of the transactions contemplated thereby, or if any such consent, approval, authorization or order is required, Park Sienna has obtained the same.

(6) Park Sienna intends to treat the transfer of the Park Sienna Mortgage Loans to the Depositor as a sale of the Park Sienna Mortgage Loans for all tax, accounting and regulatory purposes.

SCHEDULE III-A

CWALT, Inc.

Mortgage Pass-Through Certificates

Series 2006-OA19

Representations and Warranties of Countrywide as to all of the Mortgage Loans

Countrywide Home Loans, Inc. ("Countrywide") hereby makes the representations and warranties set forth in this Schedule III-A to the Depositor, the Master Servicer and the Trustee, with respect to all of the Initial Mortgage Loans as of the Closing Date, or if so specified herein, as of the Initial Cut-off Date, and with respect to all of the Supplemental Mortgage Loans as of the related Supplemental Transfer Date or if so specified herein, as of the related Supplemental Cut-off Date. Capitalized terms used but not otherwise defined in this Schedule III-A shall have the meanings ascribed thereto in the Pooling and Servicing Agreement (the "Pooling and Servicing Agreement") relating to the above-referenced Series, among Countrywide, as a seller, Park Granada LLC, as a seller, Park Monaco Inc., as a seller, Park Sienna LLC, as a seller, Countrywide Home Loans Servicing LP, as master servicer, CWALT, Inc., as depositor, and The Bank of New York, as trustee.

(1) The information set forth on Schedule I to the Pooling and Servicing Agreement with respect to each Initial Mortgage Loan is true and correct in all material respects as of the Closing Date and with respect to each Supplemental Mortgage Loan is true and correct in all material respects as of the related Supplemental Transfer Date.

(2) As of the Cut-off Date, none of the Mortgage Loans are 30 days or more delinquent.

(3) No Initial Mortgage Loan had a Loan-to-Value Ratio at origination in excess of 100.00%.

(4) Each Mortgage is a valid and enforceable first lien on the Mortgaged Property subject only to (a) the lien of non delinquent current real property taxes and assessments, (b) covenants, conditions and restrictions, rights of way, easements and other matters of public record as of the date of recording of such Mortgage, such exceptions appearing of record being acceptable to mortgage lending institutions generally or specifically reflected in the appraisal made in connection with the origination of the related Mortgage Loan, and (c) other matters to which like properties are commonly subject which do not materially interfere with the benefits of the security intended to be provided by such Mortgage.

(5) [Reserved].

(6) There is no delinquent tax or assessment lien against any Mortgaged Property.

(7) There is no valid offset, defense or counterclaim to any Mortgage Note or Mortgage, including the obligation of the Mortgagor to pay the unpaid principal of or interest on such Mortgage Note.

(8) There are no mechanics' liens or claims for work, labor or material affecting any Mortgaged Property which are or may be a lien prior to, or equal with, the lien of such Mortgage, except those which are insured against by the title insurance policy referred to in item (12) below.

(9) As of the Closing Date, to the best of Countrywide's knowledge, each Mortgaged Property is free of material damage and in good repair.

(10) Each Mortgage Loan at origination complied in all material respects with applicable local, state and federal laws, including, without limitation, usury, equal credit opportunity, predatory and abusive lending laws, real estate settlement procedures, truth-in-lending and disclosure laws, and consummation of the transactions contemplated hereby will not involve the violation of any such laws.

(11) As of the Closing Date with respect to the Initial Mortgage Loans and as of the related Supplemental Transfer Date with respect to the Supplemental Mortgage Loans, neither the Sellers, neither Countrywide nor any prior holder of any Mortgage has modified the Mortgage in any material respect (except that a Mortgage Loan may have been modified by a written instrument which has been recorded or submitted for recordation, if necessary, to protect the interests of the Certificateholders and the original or a copy of which has been delivered to the Trustee); satisfied, cancelled or subordinated such Mortgage in whole or in part; released the related Mortgaged Property in whole or in part from the lien of such Mortgage; or executed any instrument of release, cancellation, modification or satisfaction with respect thereto.

(12) A lender's policy of title insurance together with a condominium endorsement, adjustable rate rider, negative amortization endorsement and extended coverage endorsement, if applicable, in an amount at least equal to the Cut-off Date Stated Principal Balance of each such Mortgage Loan or a commitment (binder) to issue the same was effective on the date of the origination of each Mortgage Loan, each such policy is valid and remains in full force and effect, and each such policy was issued by a title insurer qualified to do business in the jurisdiction where the Mortgaged Property is located and acceptable to FNMA or FHLMC and is in a form acceptable to FNMA or FHLMC, which policy insures Countrywide and successor owners of indebtedness secured by the insured Mortgage, as to the first priority lien of the Mortgage subject to the exceptions set forth in paragraph (4) above and against any loss by reason of the invalidity or the unenforceability of the lien resulting from the provisions of the Mortgage providing for adjustment of the mortgage interest rate and/or the monthly payment including any negative amortization thereunder. To the best of Countrywide's knowledge, no claims have been made under such mortgage title insurance policy and no prior holder of the related Mortgage, including Countrywide, has done, by act or omission, anything which would impair the coverage of such mortgage title insurance policy.

(13) With respect to each Mortgage Loan, all mortgage rate and payment adjustments, if any, made on or prior to the Cut-off Date have been made in accordance with the terms of the related Mortgage Note or subsequent modifications, if any, and applicable law.

(14) Each Mortgage Loan was originated (within the meaning of Section 3(a)(41) of the Securities Exchange Act of 1934, as amended) by an entity that satisfied at the time of origination the requirements of Section 3(a)(41) of the Securities Exchange Act of 1934, as amended.

(15) To the best of Countrywide's knowledge, all of the improvements which were included for the purpose of determining the Appraised Value of the Mortgaged Property lie wholly within the boundaries and building restriction lines of such property, and no improvements on adjoining properties encroach upon the Mortgaged Property.

(16) To the best of Countrywide's knowledge, no improvement located on or being part of the Mortgaged Property is in violation of any applicable zoning law or regulation. To the best of Countrywide's knowledge, all inspections, licenses and certificates required to be made or issued with respect to all occupied portions of the Mortgaged Property and, with respect to the use and occupancy of the same, including but not limited to certificates of occupancy and fire underwriting certificates, have been made or obtained from the appropriate authorities, unless the lack thereof would not have a material adverse effect on the value of such Mortgaged Property, and the Mortgaged Property is lawfully occupied under applicable law.

(17) Each Mortgage Note and the related Mortgage are genuine, and each is the legal, valid and binding obligation of the maker thereof, enforceable in accordance with its terms and under applicable law. To the best of Countrywide's knowledge, all parties to the Mortgage Note and the Mortgage had legal capacity to execute the Mortgage Note and the Mortgage and each Mortgage Note and Mortgage have been duly and properly executed by such parties.

(18) The proceeds of the Mortgage Loans have been fully disbursed, there is no requirement for future advances thereunder and any and all requirements as to completion of any on-site or off-site improvements and as to disbursements of any escrow funds therefor have been complied with. All costs, fees and expenses incurred in making, or closing or recording the Mortgage Loans were paid.

(19) The related Mortgage contains customary and enforceable provisions which render the rights and remedies of the holder thereof adequate for the realization against the Mortgaged Property of the benefits of the security, including, (i) in the case of a Mortgage designated as a deed of trust, by trustee's sale, and (ii) otherwise by judicial foreclosure.

(20) With respect to each Mortgage constituting a deed of trust, a trustee, duly qualified under applicable law to serve as such, has been properly designated and currently so serves and is named in such Mortgage, and no fees or expenses are or will become payable by the Certificateholders to the trustee under the deed of trust, except in connection with a trustee's sale after default by the Mortgagor.

(21) Each Mortgage Note and each Mortgage is in substantially one of the forms acceptable to FNMA or FHLMC, with such riders as have been acceptable to FNMA or FHLMC, as the case may be.

(22) There exist no deficiencies with respect to escrow deposits and payments, if such are required, for which customary arrangements for repayment thereof have not been made, and no escrow deposits or payments of other charges or payments due Countrywide have been capitalized under the Mortgage or the related Mortgage Note.

(23) The origination, underwriting and collection practices used by Countrywide with respect to each Mortgage Loan have been in all respects legal, prudent and customary in the mortgage lending and servicing business.

(24) There is no pledged account or other security other than real estate securing the Mortgagor's obligations.

(25) No Mortgage Loan has a shared appreciation feature, or other contingent interest feature.

(26) Each Mortgage Loan contains a customary "due on sale" clause.

(27) As of the Closing Date, 82.61% of the Initial Mortgage Loans by aggregate Stated Principal Balance of the Initial Mortgage Loans as of the Cut-off Date, provide for a Prepayment Charge.

(28) Each Mortgage Loan that had a Loan-to-Value Ratio at origination in excess of 80% is the subject of a Primary Insurance Policy that insures that portion of the principal balance equal to a specified percentage times the sum of the remaining principal balance of the related Mortgage Loan, the accrued interest thereon and the related foreclosure expenses. The specified coverage percentage for mortgage loans with terms to maturity between 25 and 30 years is 12% for Loan-to-Value Ratios between 80.01% and 85.00%, 25% for Loan-to-Value Ratios between 85.01% and 90.00%, 30% for Loan-to-Value Ratios between 90.01% and 95.00% and 35% for Loan-to-Value Ratios between 95.01% and 100%. The specified coverage percentage for mortgage loans with terms to maturity of up to 20 years ranges from 6% to 12% for Loan-to-Value Ratios between 80.01% and 85.00%, from 12% to 20% for Loan-to-Value Ratios between 85.01% and 90.00% and 20% to 25% for Loan-to-Value Ratios between 90.01% and 95.00%. Each such Primary Insurance Policy is issued by a Qualified Insurer. All provisions of any such Primary Insurance Policy have been and are being complied with, any such policy is in full force and effect, and all premiums due thereunder have been paid. Any Mortgage subject to any such Primary Insurance Policy obligates either the Mortgagor or the mortgagee thereunder to maintain such insurance and to pay all premiums and charges in connection therewith, subject, in each case, to the provisions of Section 3.09(b) of the Pooling and Servicing Agreement. The Mortgage Rate for each Mortgage Loan is net of any such insurance premium.

(29) As of the Closing Date or the related Supplemental Transfer Date, as applicable, the improvements upon each Mortgaged Property are covered by a valid and existing hazard insurance policy with a generally acceptable carrier that provides for fire and extended

coverage and coverage for such other hazards as are customary in the area where the Mortgaged Property is located in an amount which is at least equal to the lesser of (i) the maximum insurable value of the improvements securing such Mortgage Loan or (ii) the greater of (a) the outstanding principal balance of the Mortgage Loan and (b) an amount such that the proceeds of such policy shall be sufficient to prevent the Mortgagor and/or the mortgagee from becoming a co-insurer. If the Mortgaged Property is a condominium unit, it is included under the coverage afforded by a blanket policy for the condominium unit. All such individual insurance policies and all flood policies referred to in item (30) below contain a standard mortgagee clause naming Countrywide or the original mortgagee, and its successors in interest, as mortgagee, and Countrywide has received no notice that any premiums due and payable thereon have not been paid; the Mortgage obligates the Mortgagor thereunder to maintain all such insurance including flood insurance at the Mortgagor's cost and expense, and upon the Mortgagor's failure to do so, authorizes the holder of the Mortgage to obtain and maintain such insurance at the Mortgagor's cost and expense and to seek reimbursement therefor from the Mortgagor.

(30) If the Mortgaged Property is in an area identified in the Federal Register by the Federal Emergency Management Agency as having special flood hazards, a flood insurance policy in a form meeting the requirements of the current guidelines of the Flood Insurance Administration is in effect with respect to such Mortgaged Property with a generally acceptable carrier in an amount representing coverage not less than the least of (A) the original outstanding principal balance of the Mortgage Loan, (B) the minimum amount required to compensate for damage or loss on a replacement cost basis, or (C) the maximum amount of insurance that is available under the Flood Disaster Protection Act of 1973, as amended.

(31) To the best of Countrywide's knowledge, there is no proceeding occurring, pending or threatened for the total or partial condemnation of the Mortgaged Property.

(32) There is no material monetary default existing under any Mortgage or the related Mortgage Note and, to the best of Countrywide's knowledge, there is no material event which, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a default, breach, violation or event of acceleration under the Mortgage or the related Mortgage Note; and Countrywide has not waived any default, breach, violation or event of acceleration.

(33) Each Mortgaged Property is improved by a one- to four-family residential dwelling including condominium units and dwelling units in PUDs, which, to the best of Countrywide's knowledge, does not include cooperatives or mobile homes and does not constitute other than real property under state law.

(34) Each Mortgage Loan is being master serviced by the Master Servicer.

(35) Any future advances made prior to the Cut-off Date have been consolidated with the outstanding principal amount secured by the Mortgage, and the secured principal amount, as consolidated, bears a single interest rate and single repayment term reflected on the Mortgage Loan Schedule. The consolidated principal amount does not exceed the original principal amount of the Mortgage Loan. The Mortgage Note does not permit or obligate the Master Servicer to make future advances to the Mortgagor at the option of the Mortgagor.

(36) All taxes, governmental assessments, insurance premiums, water, sewer and municipal charges, leasehold payments or ground rents which previously became due and owing have been paid, or an escrow of funds has been established in an amount sufficient to pay for every such item which remains unpaid and which has been assessed, but is not yet due and payable. Except for (A) payments in the nature of escrow payments, and (B) interest accruing from the date of the Mortgage Note or date of disbursement of the Mortgage proceeds, whichever is later, to the day which precedes by one month the Due Period of the first installment of principal and interest, including without limitation, taxes and insurance payments, the Master Servicer has not advanced funds, or induced, solicited or knowingly received any advance of funds by a party other than the Mortgagor, directly or indirectly, for the payment of any amount required by the Mortgage.

(37) Each Mortgage Loan was underwritten in all material respects in accordance with the underwriting guidelines described in the Prospectus Supplement.

(38) Other than with respect to any Streamlined Documentation Mortgage Loan as to which the loan-to-value ratio of the related Original Mortgage Loan was less than 90% at the time of the origination of such Original Mortgage Loan, prior to the approval of the Mortgage Loan application, an appraisal of the related Mortgaged Property was obtained from a qualified appraiser, duly appointed by the originator, who had no interest, direct or indirect, in the Mortgaged Property or in any loan made on the security thereof, and whose compensation is not affected by the approval or disapproval of the Mortgage Loan; such appraisal is in a form acceptable to FNMA and FHLMC.

(39) None of the Initial Mortgage Loans is a graduated payment mortgage loan or a growing equity mortgage loan, and none of the Initial Mortgage Loans is subject to a buydown or similar arrangement.

(40) Any leasehold estate securing a Mortgage Loan has a term of not less than five years in excess of the term of the related Mortgage Loan.

(41) The Mortgage Loans were selected from among the outstanding adjustable-rate one- to four-family mortgage loans in the portfolios of the Sellers at the Closing Date as to which the representations and warranties made as to the Mortgage Loans set forth in this Schedule III-A can be made. Such selection was not made in a manner intended to adversely affect the interests of Certificateholders.

(42) Except for 10.46% of the Initial Mortgage Loans, by aggregate Stated Principal Balance of the Initial Mortgage Loans as of the Cut-off Date, each Mortgage Loan transferred and assigned to the Trustee on the Closing Date has a payment date on or before December 1, 2006.

(43) With respect to any Mortgage Loan as to which an affidavit has been delivered to the Trustee certifying that the original Mortgage Note is a Lost Mortgage Note, if such Mortgage Loan is subsequently in default, the enforcement of such Mortgage Loan or of the related Mortgage by or on behalf of the Trustee will not be materially adversely affected by the

absence of the original Mortgage Note. A "Lost Mortgage Note" is a Mortgage Note the original of which was permanently lost or destroyed and has not been replaced.

(44) The Mortgage Loans, individually and in the aggregate, conform in all material respects to the descriptions thereof in the Prospectus Supplement.

(45) No Mortgage Loan originated on or after October 1, 2002 through March 6, 2003 is governed by the Georgia Fair Lending Act.

(46) None of the Mortgage Loans are "high cost" loans as defined by applicable predatory and abusive lending laws.

(47) None of the Mortgage Loans are covered by the Home Ownership and Equity Protection Act of 1994 ("HOEPA").

(48) No Mortgage Loan is a "High-Cost Home Loan" as defined in the New Jersey Home Ownership Act effective November 27, 2003 (N.J.S.A. 46:10B-22 et seq.).

(49) No Mortgage Loan is a "High-Cost Home Loan" as defined in the New Mexico Home Loan Protection Act effective January 1, 2004 (N.M. Stat. Ann. §§ 58-21A-1 et seq.).

(50) All of the Mortgage Loans were originated in compliance with all applicable laws, including, but not limited to, all applicable anti-predatory and abusive lending laws.

(51) No Mortgage Loan is a High Cost Loan or Covered Loan, as applicable, and with respect to the foregoing, the terms "High Cost Loan" and "Covered Loan" have the meaning assigned to them in Standard & Poor's LEVELS® Version 5.7 Glossary Revised, Appendix E which is attached hereto as Exhibit O (the "Glossary") where (x) a "High Cost Loan" is each loan identified in the column "Category under applicable anti-predatory lending law" of the table entitled "Standard & Poor's High Cost Loan Categorization" in the Glossary as each such loan is defined in the applicable anti-predatory lending law of the State or jurisdiction specified in such table and (y) a "Covered Loan" is each loan identified in the column "Category under applicable anti-predatory lending law" of the table entitled "Standard & Poor's Covered Loan Categorization" in the Glossary as each such loan is defined in the applicable anti-predatory lending law of the State or jurisdiction specified in such table.

SCHEDULE III-B

CWALT, Inc.

Mortgage Pass-Through Certificates

Series 2006-OA19

Representations and Warranties of Countrywide as to the Countrywide Mortgage Loans

Countrywide Home Loans, Inc. ("Countrywide") hereby makes the representations and warranties set forth in this Schedule III-B to the Depositor, the Master Servicer and the Trustee, with respect to the Countrywide Mortgage Loans that are Initial Mortgage Loans as of the Closing Date, or if so specified herein, as of the Initial Cut-off Date, and with respect to Countrywide Mortgage Loans that are Supplemental Mortgage Loans, as of the related Supplemental Transfer Date or if so specified herein, as of the related Supplemental Cut-off Date. Capitalized terms used but not otherwise defined in this Schedule III-B shall have the meanings ascribed thereto in the Pooling and Servicing Agreement (the "Pooling and Servicing Agreement") relating to the above-referenced Series, among Countrywide, as a seller, Park Granada LLC, as a seller, Park Monaco Inc., as a seller, Park Sienna LLC, as a seller, Countrywide Home Loans Servicing LP, as master servicer, CWALT, Inc., as depositor, and The Bank of New York, as trustee.

(1) Immediately prior to the assignment of each Countrywide Mortgage Loan to the Depositor, Countrywide had good title to, and was the sole owner of, such Countrywide Mortgage Loan free and clear of any pledge, lien, encumbrance or security interest and had full right and authority, subject to no interest or participation of, or agreement with, any other party, to sell and assign the same pursuant to the Pooling and Servicing Agreement.

SCHEDULE III-C

CWALT, Inc.

Mortgage Pass-Through Certificates

Series 2006-OA19

Representations and Warranties of Park Granada as to the Park Granada Mortgage Loans

Park Granada LLC ("Park Granada") hereby makes the representations and warranties set forth in this Schedule III-C to the Depositor, the Master Servicer and the Trustee, with respect to the Park Granada Mortgage Loans that are Initial Mortgage Loans as of the Closing Date, or if so specified herein, as of the Initial Cut-off Date, and with respect to Park Granada Mortgage Loans that are Supplemental Mortgage Loans, as of the related Supplemental Transfer Date or if so specified herein, as of the related Supplemental Cut-off Date. Capitalized terms used but not otherwise defined in this Schedule III-C shall have the meanings ascribed thereto in the Pooling and Servicing Agreement (the "Pooling and Servicing Agreement") relating to the above-referenced Series, among Countrywide Home Loans, Inc., as a seller, Park Granada LLC, as a seller, Park Monaco Inc., as a seller, Park Sienna LLC, as a seller, Countrywide Home Loans Servicing LP, as master servicer, CWALT, Inc., as depositor, and The Bank of New York, as trustee.

(1) Immediately prior to the assignment of each Park Granada Mortgage Loan to the Depositor, Park Granada had good title to, and was the sole owner of, such Park Granada Mortgage Loan free and clear of any pledge, lien, encumbrance or security interest and had full right and authority, subject to no interest or participation of, or agreement with, any other party, to sell and assign the same pursuant to the Pooling and Servicing Agreement.

SCHEDULE III-D

CWALT, Inc.

Mortgage Pass-Through Certificates

Series 2006-OA19

Representations and Warranties of Park Monaco as to the Park Monaco Mortgage Loans

Park Monaco Inc. ("Park Monaco") hereby makes the representations and warranties set forth in this Schedule III-D to the Depositor, the Master Servicer and the Trustee, with respect to the Park Monaco Mortgage Loans that are Initial Mortgage Loans as of the Closing Date, or if so specified herein, as of the Initial Cut-off Date, and with respect to Park Monaco Mortgage Loans that are Supplemental Mortgage Loans, as of the related Supplemental Transfer Date or if so specified herein, as of the related Supplemental Cut-off Date.. Capitalized terms used but not otherwise defined in this Schedule III-D shall have the meanings ascribed thereto in the Pooling and Servicing Agreement (the "Pooling and Servicing Agreement") relating to the above-referenced Series, among Countrywide Home Loans, Inc., as a seller, Park Monaco, as a seller, Park Granada LLC, as a seller, Park Sienna LLC, as a seller, Countrywide Home Loans Servicing LP, as master servicer, CWALT, Inc., as depositor, and The Bank of New York, as trustee.

(1) Immediately prior to the assignment of each Park Monaco Mortgage Loan to the Depositor, Park Monaco had good title to, and was the sole owner of, such Park Monaco Mortgage Loan free and clear of any pledge, lien, encumbrance or security interest and had full right and authority, subject to no interest or participation of, or agreement with, any other party, to sell and assign the same pursuant to the Pooling and Servicing Agreement.

SCHEDULE III-E

CWALT, Inc.

Mortgage Pass-Through Certificates

Series 2006-OA19

Representations and Warranties of Park Sienna as to the Park Sienna Mortgage Loans

Park Sienna LLC ("Park Sienna") hereby makes the representations and warranties set forth in this Schedule III-E to the Depositor, the Master Servicer and the Trustee, with respect to the Park Sienna Mortgage Loans that are Initial Mortgage Loans as of the Closing Date, or if so specified herein, as of the Initial Cut-off Date, and with respect to Park Sienna Mortgage Loans that are Supplemental Mortgage Loans, as of the related Supplemental Transfer Date or if so specified herein, as of the related Supplemental Cut-off Date.. Capitalized terms used but not otherwise defined in this Schedule III-E shall have the meanings ascribed thereto in the Pooling and Servicing Agreement (the "Pooling and Servicing Agreement") relating to the above-referenced Series, among Countrywide Home Loans, Inc., as a seller, Park Sienna LLC, as a seller, Park Monaco Inc., as a seller, Park Granada LLC, as a seller, Countrywide Home Loans Servicing LP, as master servicer, CWALT, Inc., as depositor, and The Bank of New York, as trustee.

(1) Immediately prior to the assignment of each Park Sienna Mortgage Loan to the Depositor, Park Sienna had good title to, and was the sole owner of, such Park Sienna Mortgage Loan free and clear of any pledge, lien, encumbrance or security interest and had full right and authority, subject to no interest or participation of, or agreement with, any other party, to sell and assign the same pursuant to the Pooling and Servicing Agreement.

SCHEDULE IV

CWALT, Inc.

Mortgage Pass-Through Certificates

Series 2006-OA19

Representations and Warranties of the Master Servicer

Countrywide Home Loans Servicing LP ("Countrywide Servicing") hereby makes the representations and warranties set forth in this Schedule IV to the Depositor, the Sellers and the Trustee, as of the Closing Date. Capitalized terms used but not otherwise defined in this Schedule IV shall have the meanings ascribed thereto in the Pooling and Servicing Agreement (the "Pooling and Servicing Agreement") relating to the above-referenced Series, among Countrywide Home Loans, Inc., as a seller, Park Granada LLC, as a seller, Park Monaco Inc., as a seller, Park Sienna LLC, as a seller, Countrywide Home Loans Servicing LP, as master servicer, CWALT, Inc., as depositor, and The Bank of New York, as trustee.

(1) Countrywide Servicing is duly organized as a limited partnership and is validly existing and in good standing under the laws of the State of Texas and is duly authorized and qualified to transact any and all business contemplated by the Pooling and Servicing Agreement to be conducted by Countrywide Servicing in any state in which a Mortgaged Property is located or is otherwise not required under applicable law to effect such qualification and, in any event, is in compliance with the doing business laws of any such state, to the extent necessary to perform any of its obligations under the Pooling and Servicing Agreement in accordance with the terms thereof.

(2) Countrywide Servicing has the full partnership power and authority to service each Mortgage Loan, and to execute, deliver and perform, and to enter into and consummate the transactions contemplated by the Pooling and Servicing Agreement and has duly authorized by all necessary partnership action on the part of Countrywide Servicing the execution, delivery and performance of the Pooling and Servicing Agreement; and the Pooling and Servicing Agreement, assuming the due authorization, execution and delivery thereof by the other parties thereto, constitutes a legal, valid and binding obligation of Countrywide Servicing, enforceable against Countrywide Servicing in accordance with its terms, except that (a) the enforceability thereof may be limited by bankruptcy, insolvency, moratorium, receivership and other similar laws relating to creditors' rights generally and (b) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(3) The execution and delivery of the Pooling and Servicing Agreement by Countrywide Servicing, the servicing of the Mortgage Loans by Countrywide Servicing under the Pooling and Servicing Agreement, the consummation of any other of the transactions contemplated by the Pooling and Servicing Agreement, and the fulfillment of or compliance with the terms thereof are in the ordinary course of business of Countrywide Servicing and will not (A) result in a material breach of any term or provision of the certificate of limited partnership, partnership agreement or other organizational document of Countrywide Servicing or

(B) materially conflict with, result in a material breach, violation or acceleration of, or result in a material default under, the terms of any other material agreement or instrument to which Countrywide Servicing is a party or by which it may be bound, or (C) constitute a material violation of any statute, order or regulation applicable to Countrywide Servicing of any court, regulatory body, administrative agency or governmental body having jurisdiction over Countrywide Servicing; and Countrywide Servicing is not in breach or violation of any material indenture or other material agreement or instrument, or in violation of any statute, order or regulation of any court, regulatory body, administrative agency or governmental body having jurisdiction over it which breach or violation may materially impair the ability of Countrywide Servicing to perform or meet any of its obligations under the Pooling and Servicing Agreement.

(4) Countrywide Servicing is an approved servicer of conventional mortgage loans for FNMA or FHLMC and is a mortgagee approved by the Secretary of Housing and Urban Development pursuant to sections 203 and 211 of the National Housing Act.

(5) No litigation is pending or, to the best of Countrywide Servicing's knowledge, threatened, against Countrywide Servicing that would materially and adversely affect the execution, delivery or enforceability of the Pooling and Servicing Agreement or the ability of Countrywide Servicing to service the Mortgage Loans or to perform any of its other obligations under the Pooling and Servicing Agreement in accordance with the terms thereof.

(6) No consent, approval, authorization or order of any court or governmental agency or body is required for the execution, delivery and performance by Countrywide Servicing of, or compliance by Countrywide Servicing with, the Pooling and Servicing Agreement or the consummation of the transactions contemplated thereby, or if any such consent, approval, authorization or order is required, Countrywide Servicing has obtained the same.

(7) Countrywide Servicing is a member of MERS in good standing, and will comply in all material respects with the rules and procedures of MERS in connection with the servicing of the MERS Mortgage Loans for as long as such Mortgage Loans are registered with MERS.

SCHEDULE V

Principal Balance Schedules

*[Attached to Prospectus Supplement, if applicable.]

SCHEDULE VI
Form of Monthly Master Servicer Report

LOAN LEVEL REPORTING SYSTEM				
DATABASE STRUCTURE				
[MONTH, YEAR]				
Field Number	Field Name	Field Type	Field Width	Dec
1	INVNUM	Numeric	4	
2	INVBLK	Numeric	4	
3	INACNU	Character	8	
4	BEGSCH	Numeric	15	2
5	SCHPRN	Numeric	13	2
6	TADPRN	Numeric	11	2
7	LIQEPB	Numeric	11	2
8	ACTCOD	Numeric	11	
9	ACTDAT	Numeric	4	
10	INTPMT	Numeric	8	
11	PRNPMT	Numeric	13	2
12	ENDSCH	Numeric	13	2
13	SCHNOT	Numeric	13	2
14	SCHPAS	Numeric	7	3
15	PRINPT	Numeric	7	3
16	PRIBAL	Numeric	11	2
17	LPIDTE	Numeric	13	2
18	DELPRN	Numeric	7	
19	PPDPRN	Numeric	11	2
20	DELPRN	Numeric	11	2
21	NXTCHG	Numeric	8	
22	ARMNOT	Numeric	7	3
23	ARMPAS	Numeric	7	3
24	ARMPMT	Numeric	11	2
25	ZZTYPE	Character	2	
26	ISSUID	Character	1	
27	KEYNAME	Character	8	
TOTAL			240	
Suggested Format:	DBASE file Modem transmission			

EXHIBIT A

[FORM OF SENIOR CERTIFICATE]

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

[SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES, THIS CERTIFICATE IS A "REGULAR INTEREST" IN A "REAL ESTATE MORTGAGE INVESTMENT CONDUIT," AS THOSE TERMS ARE DEFINED, RESPECTIVELY, IN SECTIONS 860G AND 860D OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE").]

[UNTIL THIS CERTIFICATE HAS BEEN THE SUBJECT OF AN ERISA-QUALIFYING UNDERWRITING, NEITHER THIS CERTIFICATE NOR ANY INTEREST HEREIN MAY BE TRANSFERRED UNLESS THE TRANSFEREE DELIVERS TO THE TRUSTEE EITHER (A) A REPRESENTATION LETTER TO THE EFFECT THAT SUCH TRANSFEREE IS NOT, AND IS NOT INVESTING ASSETS OF, AN EMPLOYEE BENEFIT PLAN SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR A PLAN OR ARRANGEMENT SUBJECT TO SECTION 4975 OF THE CODE, OR (B) AN OPINION OF COUNSEL IN ACCORDANCE WITH THE PROVISIONS OF THE AGREEMENT REFERRED TO HEREIN. SUCH REPRESENTATION SHALL BE DEEMED TO HAVE BEEN MADE TO THE TRUSTEE BY THE TRANSFEREE'S ACCEPTANCE OF A CERTIFICATE OF THIS CLASS AND BY A BENEFICIAL OWNER'S ACCEPTANCE OF ITS INTEREST IN A CERTIFICATE OF THIS CLASS. NOTWITHSTANDING ANYTHING ELSE TO THE CONTRARY HEREIN, UNTIL THIS CERTIFICATE HAS BEEN THE SUBJECT OF AN ERISA-QUALIFYING UNDERWRITING, ANY PURPORTED TRANSFER OF THIS CERTIFICATE TO, OR TO A PERSON INVESTING ASSETS OF, AN EMPLOYEE BENEFIT PLAN SUBJECT TO ERISA OR A PLAN OR ARRANGEMENT SUBJECT TO SECTION 4975 OF THE CODE WITHOUT THE OPINION OF COUNSEL SATISFACTORY TO THE TRUSTEE AS DESCRIBED ABOVE SHALL BE VOID AND OF NO EFFECT.]

Certificate No.	:	
Cut-off Date	:	
First Distribution Date	:	
Initial Certificate Balance of this Certificate ("Denomination")	:	\$
Initial Certificate Balance of all Certificates of this Class	:	\$
CUSIP	:	
ISIN	:	
Interest Rate	:	
Maturity Date	:	

CWALT, INC.
Mortgage Pass-Through Certificates, Series 200____-____
Class []

evidencing a percentage interest in the distributions allocable to the Certificates of the above-referenced Class with respect to a Trust Fund consisting primarily of a pool of conventional mortgage loans (the "Mortgage Loans") secured by first liens on one- to four-family residential properties

CWALT, Inc., as Depositor

Principal in respect of this Certificate is distributable monthly as set forth herein. Accordingly, the Certificate Balance at any time may be less than the Certificate Balance as set forth herein. This Certificate does not evidence an obligation of, or an interest in, and is not guaranteed by the Depositor, the Sellers, the Master Servicer or the Trustee referred to below or any of their respective affiliates. Neither this Certificate nor the Mortgage Loans are guaranteed or insured by any governmental agency or instrumentality.

This certifies that _____ is the registered owner of the Percentage Interest evidenced by this Certificate (obtained by dividing the denomination of this Certificate by the aggregate Initial Certificate Balance of all Certificates of the Class to which this Certificate belongs) in certain monthly distributions with respect to a Trust Fund consisting primarily of the Mortgage Loans deposited by CWALT, Inc. (the "Depositor"). The Trust Fund was created pursuant to a Pooling and Servicing Agreement dated as of the Cut-off Date specified above (the "Agreement") among the Depositor, Countrywide Home Loans, Inc., as a seller ("CHL"), Park Granada LLC, as a seller ("Park Granada"), Park Monaco, Inc., as a seller ("Park Monaco"), and Park Sienna LLC, as a seller ("Park Sienna" and, together with CHL, Park Granada and Park Monaco, the "Sellers"), Countrywide Home Loans Servicing LP, as master servicer (the "Master Servicer"), and The Bank of New York, as trustee (the "Trustee"). To the extent not defined herein, the capitalized terms used herein have the meanings assigned in the Agreement. This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Holder of this Certificate by virtue of the acceptance hereof assents and by which such Holder is bound.

[Until this certificate has been the subject of an ERISA-Qualifying Underwriting, no transfer of a Certificate of this Class shall be made unless the Trustee shall have received either (i) a representation letter from the transferee of such Certificate, acceptable to and in form and substance satisfactory to the Trustee, to the effect that such transferee is not an employee benefit plan subject to Section 406 of ERISA or a plan or arrangement subject to Section 4975 of the Code, or a person acting on behalf of or investing plan assets of any such benefit plan or arrangement, which representation letter shall not be an expense of the Trustee, the Master Servicer or the Trust Fund, or (ii) in the case of any such Certificate presented for registration in the name of an employee benefit plan subject to ERISA or a plan or arrangement subject to Section 4975 of the Code (or comparable provisions of any subsequent enactments), a trustee of any such benefit plan or arrangement or any other person acting on behalf of any such benefit plan or arrangement, an Opinion of Counsel satisfactory to the Trustee to the effect that the purchase and holding of such Certificate will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, and will not subject the Trustee or the Master Servicer to any obligation in addition to those undertaken in the Agreement, which Opinion of Counsel shall not be an expense of the Trustee, the Master Servicer or the Trust Fund. Unless the transferee delivers the Opinion of Counsel described above, such representation shall be deemed to have been made to the Trustee by the Transferee's acceptance of a Certificate of this Class and by a beneficial owner's acceptance of its interest in a Certificate of this Class. Notwithstanding anything else to the contrary herein, until such certificate has been the subject of an ERISA-Qualifying Underwriting, any purported transfer of a Certificate of this Class to, or to a person investing assets of, an employee benefit plan subject to ERISA or a plan or arrangement subject to Section 4975 of the Code without the opinion of counsel satisfactory to the Trustee as described above shall be void and of no effect.]

Reference is hereby made to the further provisions of this Certificate set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

This Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose unless manually countersigned by an authorized signatory of the Trustee.

* * *

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be duly executed.

Dated: _____, 20__

THE BANK OF NEW YORK,
as Trustee

By _____

Countersigned:

By _____
Authorized Signatory of
THE BANK OF NEW YORK,
as Trustee

EXHIBIT B

[FORM OF SUBORDINATED CERTIFICATE]

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES, THIS CERTIFICATE IS A "REGULAR INTEREST" IN A "REAL ESTATE MORTGAGE INVESTMENT CONDUIT," AS THOSE TERMS ARE DEFINED, RESPECTIVELY, IN SECTIONS 860G AND 860D OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE").

THIS CERTIFICATE IS SUBORDINATED IN RIGHT OF PAYMENT TO CERTAIN CERTIFICATES AS DESCRIBED IN THE AGREEMENT REFERRED TO HEREIN.

THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). ANY RESALE OR TRANSFER OF THIS CERTIFICATE WITHOUT REGISTRATION THEREOF UNDER THE ACT MAY ONLY BE MADE IN A TRANSACTION EXEMPTED FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND IN ACCORDANCE WITH THE PROVISIONS OF THE AGREEMENT REFERRED TO HEREIN.

[NEITHER THIS CERTIFICATE NOR ANY INTEREST HEREIN MAY BE TRANSFERRED UNLESS THE TRANSFEREE DELIVERS TO THE TRUSTEE EITHER (A) A REPRESENTATION LETTER TO THE EFFECT THAT (i) SUCH TRANSFEREE IS NOT AN EMPLOYEE BENEFIT PLAN SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), A PLAN OR ARRANGEMENT SUBJECT TO SECTION 4975 OF THE CODE, OR A PERSON ACTING ON BEHALF OF OR INVESTING THE ASSETS OF SUCH A BENEFIT PLAN OR ARRANGEMENT TO EFFECT THE TRANSFER, OR (ii) IF SUCH CERTIFICATE HAS BEEN THE SUBJECT OF AN ERISA-QUALIFYING UNDERWRITING AND THE TRANSFEREE IS AN INSURANCE COMPANY, A REPRESENTATION THAT THE TRANSFEREE IS PURCHASING SUCH CERTIFICATE WITH FUNDS CONTAINED IN AN "INSURANCE COMPANY GENERAL ACCOUNT" AS SUCH TERM IS DEFINED IN SECTION V(e) OF PROHIBITED TRANSACTION CLASS EXEMPTION ("PTCE") 95-60, AND THE

PURCHASE AND HOLDING OF THE CERTIFICATE SATISFY THE REQUIREMENTS FOR EXEMPTIVE RELIEF UNDER SECTIONS I AND III OF PTCE 95-60, OR (B) AN OPINION OF COUNSEL IN ACCORDANCE WITH THE PROVISIONS OF THE AGREEMENT REFERRED TO HEREIN. NOTWITHSTANDING ANYTHING ELSE TO THE CONTRARY HEREIN, ANY PURPORTED TRANSFER OF THIS CERTIFICATE TO OR ON BEHALF OF AN EMPLOYEE BENEFIT PLAN SUBJECT TO ERISA OR A PLAN OR ARRANGEMENT SUBJECT TO SECTION 4975 OF THE CODE WITHOUT THE OPINION OF COUNSEL SATISFACTORY TO THE TRUSTEE AS DESCRIBED ABOVE SHALL BE VOID AND OF NO EFFECT.]

Certificate No.:

Cut-off Date

First Distribution Date

Initial Certificate Balance
of this Certificate
("Denomination")

\$

Initial Certificate Balance
of all Certificates of
this Class

\$

CUSIP

ISIN

Interest Rate

Maturity Date

CWALT, INC.
Mortgage Pass-Through Certificates, Series 200____-____
Class []

evidencing a percentage interest in the distributions allocable to the Certificates of the above-referenced Class with respect to a Trust Fund consisting primarily of a pool of conventional mortgage loans (the "Mortgage Loans") secured by first liens on one- to four-family residential properties

CWALT, Inc., as Depositor

Principal in respect of this Certificate is distributable monthly as set forth herein. Accordingly, the Certificate Balance at any time may be less than the Certificate Balance as set forth herein. This Certificate does not evidence an obligation of, or an interest in, and is not guaranteed by the Depositor, the Sellers, the Master Servicer or the Trustee referred to below or any of their respective affiliates. Neither this Certificate nor the Mortgage Loans are guaranteed or insured by any governmental agency or instrumentality.

This certifies that _____ is the registered owner of the Percentage Interest evidenced by this Certificate (obtained by dividing the denomination of this Certificate by the aggregate Initial Certificate Balance of all Certificates of the Class to which this Certificate belongs) in certain monthly distributions with respect to a Trust Fund consisting primarily of the Mortgage Loans deposited by CWALT, Inc. (the "Depositor"). The Trust Fund was created pursuant to a Pooling and Servicing Agreement dated as of the Cut-off Date specified above (the "Agreement") among the Depositor, Countrywide Home Loans, Inc., as a seller ("CHL"), Park Granada LLC, as a seller ("Park Granada"), Park Monaco, Inc., as a seller ("Park Monaco"), and Park Sienna LLC, as a seller ("Park Sienna" and, together with CHL, Park Granada and Park Monaco, the "Sellers"), Countrywide Home Loans Servicing LP, as master servicer (the "Master Servicer"), and The Bank of New York, as trustee (the "Trustee"). To the extent not defined herein, the capitalized terms used herein have the meanings assigned in the Agreement. This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Holder of this Certificate by virtue of the acceptance hereof assents and by which such Holder is bound.

[No transfer of a Certificate of this Class shall be made unless such transfer is made pursuant to an effective registration statement under the Securities Act and any applicable state securities laws or is exempt from the registration requirements under said Act and such laws. In the event that a transfer is to be made in reliance upon an exemption from the Securities Act and such laws, in order to assure compliance with the Securities Act and such laws, the Certificateholder desiring to effect such transfer and such Certificateholder's prospective transferee shall each certify to the Trustee in writing the facts surrounding the transfer. In the event that such a transfer is to be made within three years from the date of the initial issuance of Certificates pursuant hereto, there shall also be delivered (except in the case of a transfer pursuant to Rule 144A of the Securities Act) to the Trustee an Opinion of Counsel that such transfer may be made pursuant to an exemption from the Securities Act and such state securities laws, which Opinion of Counsel shall not be obtained at the expense of the Trustee, the Sellers, the Master Servicer or the Depositor. The Holder hereof desiring to effect such transfer shall, and does hereby agree to, indemnify the Trustee and the Depositor 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.]

[No transfer of a Certificate of this Class shall be made unless the Trustee shall have received either (i) a representation letter from the transferee of such Certificate, acceptable to and in form and substance satisfactory to the Trustee, to the effect that such transferee is not an employee benefit plan subject to Section 406 of ERISA or a plan or arrangement subject to Section 4975 of the Code, or a person acting on behalf of or investing plan assets of any such benefit plan or arrangement, which representation letter shall not be an expense of the Trustee, the Master Servicer or the Trust Fund, (ii) if such certificate has been the subject of an ERISA-Qualifying Underwriting and the transferee is an insurance company, a representation that the transferee is purchasing such Certificate with funds contained in an "insurance company general account" (as such term is defined in Section V(e) of Prohibited Transaction Class Exemption 95-60 ("PTCE 95-60")) and that the purchase and holding of such Certificate satisfy the

requirements for exemptive relief under Sections I and III of PTCE 95-60, or (iii) in the case of any such Certificate presented for registration in the name of an employee benefit plan subject to ERISA or a plan or arrangement subject to Section 4975 of the Code (or comparable provisions of any subsequent enactments), a trustee of any such benefit plan or arrangement or any other person acting on behalf of any such benefit plan or arrangement, an Opinion of Counsel satisfactory to the Trustee to the effect that the purchase and holding of such Certificate will not result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, and will not subject the Trustee or the Master Servicer to any obligation in addition to those undertaken in the Agreement, which Opinion of Counsel shall not be an expense of the Trustee, the Master Servicer or the Trust Fund. Notwithstanding anything else to the contrary herein, any purported transfer of a Certificate of this Class to or on behalf of an employee benefit plan subject to ERISA or a plan or arrangement subject to Section 4975 of the Code without the opinion of counsel satisfactory to the Trustee as described above shall be void and of no effect.]

Reference is hereby made to the further provisions of this Certificate set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

This Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose unless manually countersigned by an authorized signatory of the Trustee.

* * *

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be duly executed.

Dated: _____, 20__

THE BANK OF NEW YORK,
as Trustee

By _____

Countersigned:

By _____
Authorized Signatory of
THE BANK OF NEW YORK,
as Trustee

EXHIBIT C-1

[FORM OF RESIDUAL CERTIFICATE]

SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES, THIS CERTIFICATE IS A "RESIDUAL INTEREST" IN A "REAL ESTATE MORTGAGE INVESTMENT CONDUIT," AS THOSE TERMS ARE DEFINED, RESPECTIVELY, IN SECTIONS 860G AND 860D OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE").

NEITHER THIS CERTIFICATE NOR ANY INTEREST HEREIN MAY BE TRANSFERRED UNLESS THE PROPOSED TRANSFEREE DELIVERS TO THE TRUSTEE A TRANSFER AFFIDAVIT IN ACCORDANCE WITH THE PROVISIONS OF THE AGREEMENT REFERRED TO HEREIN.

NEITHER THIS CERTIFICATE NOR ANY INTEREST HEREIN MAY BE TRANSFERRED UNLESS THE TRANSFEREE DELIVERS TO THE TRUSTEE EITHER (A) A REPRESENTATION LETTER TO THE EFFECT THAT (i) SUCH TRANSFEREE IS NOT AN EMPLOYEE BENEFIT PLAN SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), A PLAN OR ARRANGEMENT SUBJECT TO SECTION 4975 OF THE CODE, OR A PERSON ACTING ON BEHALF OF OR INVESTING THE ASSETS OF SUCH A BENEFIT PLAN OR ARRANGEMENT TO EFFECT THE TRANSFER, OR (ii) IF SUCH CERTIFICATE HAS BEEN THE SUBJECT OF AN ERISA-QUALIFYING UNDERWRITING AND THE TRANSFEREE IS AN INSURANCE COMPANY, A REPRESENTATION THAT THE TRANSFEREE IS PURCHASING SUCH CERTIFICATE WITH FUNDS CONTAINED IN AN "INSURANCE COMPANY GENERAL ACCOUNT" AS SUCH TERM IS DEFINED IN SECTION V(e) OF PROHIBITED TRANSACTION CLASS EXEMPTION ("PTCE") 95-60, AND THE PURCHASE AND HOLDING OF THE CERTIFICATE SATISFY THE REQUIREMENTS FOR EXEMPTIVE RELIEF UNDER SECTIONS I AND III OF PTCE 95-60, OR (B) AN OPINION OF COUNSEL IN ACCORDANCE WITH THE PROVISIONS OF THE AGREEMENT REFERRED TO HEREIN. NOTWITHSTANDING ANYTHING ELSE TO THE CONTRARY HEREIN, ANY PURPORTED TRANSFER OF THIS CERTIFICATE TO OR ON BEHALF OF AN EMPLOYEE BENEFIT PLAN SUBJECT TO ERISA OR A PLAN OR ARRANGEMENT SUBJECT TO SECTION 4975 OF THE CODE WITHOUT THE OPINION OF COUNSEL SATISFACTORY TO THE TRUSTEE AS DESCRIBED ABOVE SHALL BE VOID AND OF NO EFFECT.

[THIS CERTIFICATE REPRESENTS THE "TAX MATTERS PERSON RESIDUAL INTEREST" ISSUED UNDER THE POOLING AND SERVICING AGREEMENT REFERRED TO BELOW AND MAY NOT BE TRANSFERRED TO ANY PERSON EXCEPT IN CONNECTION WITH THE ASSUMPTION BY THE TRANSFEREE OF THE DUTIES OF THE SERVICER UNDER SUCH AGREEMENT.]

Certificate No. :

Cut-off Date :

First Distribution Date :

Initial Certificate Balance
of this Certificate
("Denomination") : \$

Initial Certificate Balance
of all Certificates of
this Class : \$

CUSIP :

ISIN :

Interest Rate :

Maturity Date :

CWALT, INC.
Mortgage Pass-Through Certificates, Series 200____-____
Class A-R

evidencing the distributions allocable to the Class A-R Certificates with respect to a Trust Fund consisting primarily of a pool of conventional mortgage loans (the "Mortgage Loans") secured by first liens on one- to four-family residential properties

CWALT, Inc., as Depositor

Principal in respect of this Certificate is distributable monthly as set forth herein. Accordingly, the Certificate Balance at any time may be less than the Certificate Balance as set forth herein. This Certificate does not evidence an obligation of, or an interest in, and is not guaranteed by the Depositor, the Sellers, the Master Servicer or the Trustee referred to below or any of their respective affiliates. Neither this Certificate nor the Mortgage Loans are guaranteed or insured by any governmental agency or instrumentality.

This certifies that _____ is the registered owner of the Percentage Interest (obtained by dividing the Denomination of this Certificate by the aggregate Initial Certificate Balance of all Certificates of the Class to which this Certificate belongs) in certain monthly distributions with respect to a Trust Fund consisting of the Mortgage Loans deposited by CWALT, Inc. (the "Depositor"). The Trust Fund was created pursuant to a Pooling and Servicing Agreement dated as of the Cut-off Date specified above (the "Agreement") among the Depositor, Countrywide Home Loans, Inc., as a seller ("CHL"), Park Granada LLC, as a seller ("Park Granada"), Park Monaco, Inc., as a seller ("Park Monaco"), and Park Sienna LLC, as a seller ("Park Sienna" and, together with CHL, Park Granada and Park Monaco, the "Sellers"), Countrywide Home Loans Servicing LP, as master servicer (the "Master Servicer"); and The Bank of New York, as trustee (the "Trustee"). To the extent not defined herein, the capitalized terms used herein have the meanings assigned in the Agreement. This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Holder of this Certificate by virtue of the acceptance hereof assents and by which such Holder is bound.

Any distribution of the proceeds of any remaining assets of the Trust Fund will be made only upon presentment and surrender of this Class A-R Certificate at the Corporate Trust Office or the office or agency maintained by the Trustee in New York, New York.

No transfer of a Class A-R Certificate shall be made unless the Trustee shall have received either (i) a representation letter from the transferee of such Certificate, acceptable to and in form and substance satisfactory to the Trustee, to the effect that such transferee is not an employee benefit plan subject to Section 406 of ERISA or a plan or arrangement subject to Section 4975 of the Code, or a person acting on behalf of or investing plan assets of any such benefit plan or arrangement, which representation letter shall not be an expense of the Trustee, the Master Servicer or the Trust Fund, (ii) if such certificate has been the subject of an ERISA-Qualifying Underwriting and the transferee is an insurance company, a representation that the transferee is purchasing such Certificate with funds contained in an "insurance company general account" (as such term is defined in Section V(e) of Prohibited Transaction Class Exemption 95-60 ("PTCE 95-60")) and that the purchase and holding of such Certificate satisfy the requirements for exemptive relief under Sections I and III of PTCE 95-60, or (iii) in the case of any such Certificate presented for registration in the name of an employee benefit plan subject to ERISA or a plan or arrangement subject to Section 4975 of the Code (or comparable provisions of any subsequent enactments), a trustee of any such benefit plan or arrangement or any other person acting on behalf of any such benefit plan or arrangement, an Opinion of Counsel satisfactory to the Trustee to the effect that the purchase and holding of such Certificate will not result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, and will not subject the Trustee or the Master Servicer to any obligation in addition to those undertaken in the Agreement, which Opinion of Counsel shall not be an expense of the Trustee, the Master Servicer or the Trust Fund. Notwithstanding anything else to the contrary herein, any purported transfer of a Class A-R Certificate to or on behalf of an employee benefit plan subject to ERISA or a plan or arrangement subject to Section 4975 of the Code without the opinion of counsel satisfactory to the Trustee as described above shall be void and of no effect.

Each Holder of this Class A-R Certificate will be deemed to have agreed to be bound by the restrictions of the Agreement, including but not limited to the restrictions that (i) each person holding or acquiring any Ownership Interest in this Class A-R Certificate must be a Permitted Transferee, (ii) no Ownership Interest in this Class A-R Certificate may be transferred without delivery to the Trustee of (a) a transfer affidavit of the proposed transferee and (b) a transfer certificate of the transferor, each of such documents to be in the form described in the Agreement, (iii) each person holding or acquiring any Ownership Interest in this Class A-R Certificate must agree to require a transfer affidavit and to deliver a transfer certificate to the Trustee as required pursuant to the Agreement, (iv) each person holding or acquiring an Ownership Interest in this Class A-R Certificate must agree not to transfer an Ownership Interest in this Class A-R Certificate if it has actual knowledge that the proposed transferee is not a Permitted Transferee and (v) any attempted or purported transfer of any Ownership Interest in this Class A-R Certificate in violation of such restrictions will be absolutely null and void and will vest no rights in the purported transferee.

Reference is hereby made to the further provisions of this Certificate set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

This Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose unless manually countersigned by an authorized signatory of the Trustee.

* * *

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be duly executed.

Dated: _____, 20__.

THE BANK OF NEW YORK,
as Trustee

By _____

Countersigned:

By _____
Authorized Signatory of
THE BANK OF NEW YORK,
as Trustee

EXHIBIT C-2

[FORM OF CLASS X-P CERTIFICATE]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES, THIS CERTIFICATE IS A "REGULAR INTEREST" IN A "REAL ESTATE MORTGAGE INVESTMENT CONDUIT," AS THOSE TERMS ARE DEFINED, RESPECTIVELY, IN SECTIONS 860G AND 860D OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE").

Certificate No. :

Cut-off Date :

First Distribution Date :

Initial Certificate Balance
of this Certificate
("Denomination") : \$

Initial Certificate Balance
of all Certificates
of this Class : \$

CUSIP :

ISIN :

Interest Rate :

Last Distribution Date :

CWALT, INC.
Alternative Loan Trust 20__-__
Mortgage Pass-Through Certificates, Series __-__
Class X-P

evidencing a percentage interest in the distributions allocable to the
Certificates of the above-referenced Class with respect to a Trust Fund consisting
primarily of a pool of conventional mortgage loans (the "Mortgage Loans") secured by
first liens on one- to four-family residential properties

CWALT, Inc., as Depositor

Principal in respect of this Certificate is distributable monthly as set forth herein. Accordingly, the Certificate Balance at any time may be less than the Certificate Balance as set forth herein. This Certificate does not evidence an obligation of, or an interest in, and is not guaranteed by the Depositor, the Sellers, the Master Servicer or the Trustee referred to below or any of their respective affiliates. Neither this Certificate nor the Mortgage Loans are guaranteed or insured by any governmental agency or instrumentality.

This certifies that CEDE & CO. is the registered owner of the Percentage Interest evidenced by this Certificate (obtained by dividing the denomination of this Certificate by the aggregate Initial Certificate Balance of all Certificates of the Class to which this Certificate belongs) in certain monthly

distributions with respect to a Trust Fund consisting primarily of the Mortgage Loans deposited by CWALT, Inc. (the "Depositor"). The Trust Fund was created pursuant to a Pooling and Servicing Agreement dated as of the Cut-off Date specified above (the "Agreement") among the Depositor, Countrywide Home Loans, Inc., as a seller (a "Seller"), Park Granada LLC, as a seller (a "Seller"), Park Monaco Inc., as a seller (a "Seller"), Park Sienna LLC, as a seller (a "Seller"), Countrywide Home Loans Servicing LP, as master servicer (the "Master Servicer") and The Bank of New York, as trustee (the "Trustee"). To the extent not defined herein, the capitalized terms used herein have the meanings assigned in the Agreement. This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Holder of this Certificate by virtue of the acceptance hereof assents and by which such Holder is bound.

Reference is hereby made to the further provisions of this Certificate set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

This Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose unless manually countersigned by an authorized signatory of the Trustee.

* * *

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be duly executed.

Dated:

THE BANK OF NEW YORK,
as Trustee

By _____

Countersigned:

By _____
Authorized Signatory of
THE BANK OF NEW YORK,
as Trustee

EXHIBIT D

[FORM OF NOTIONAL AMOUNT CERTIFICATE]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS CERTIFICATE HAS NO PRINCIPAL BALANCE AND IS NOT ENTITLED TO ANY DISTRIBUTION IN RESPECT OF PRINCIPAL.

SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES, THIS CERTIFICATE IS A "REGULAR INTEREST" IN A "REAL ESTATE MORTGAGE INVESTMENT CONDUIT," AS THOSE TERMS ARE DEFINED, RESPECTIVELY, IN SECTIONS 860G AND 860D OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE").

[UNTIL THIS CERTIFICATE HAS BEEN THE SUBJECT OF AN ERISA-QUALIFYING UNDERWRITING, NEITHER THIS CERTIFICATE NOR ANY INTEREST HEREIN MAY BE TRANSFERRED UNLESS THE TRANSFEREE DELIVERS TO THE TRUSTEE EITHER (A) A REPRESENTATION LETTER TO THE EFFECT THAT SUCH TRANSFEREE IS NOT, AND IS NOT INVESTING ASSETS OF, AN EMPLOYEE BENEFIT PLAN SUBJECT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR A PLAN OR ARRANGEMENT SUBJECT TO SECTION 4975 OF THE CODE, OR (B) AN OPINION OF COUNSEL IN ACCORDANCE WITH THE PROVISIONS OF THE AGREEMENT REFERRED TO HEREIN. SUCH REPRESENTATION SHALL BE DEEMED TO HAVE BEEN MADE TO THE TRUSTEE BY THE TRANSFEREE'S ACCEPTANCE OF A CERTIFICATE OF THIS CLASS AND BY A BENEFICIAL OWNER'S ACCEPTANCE OF ITS INTEREST IN A CERTIFICATE OF THIS CLASS. NOTWITHSTANDING ANYTHING ELSE TO THE CONTRARY HEREIN, UNTIL THIS CERTIFICATE HAS BEEN THE SUBJECT OF AN ERISA-QUALIFYING UNDERWRITING, ANY PURPORTED TRANSFER OF THIS CERTIFICATE TO, OR A PERSON INVESTING ASSETS OF, AN EMPLOYEE BENEFIT PLAN SUBJECT TO ERISA OR A PLAN OR ARRANGEMENT SUBJECT TO SECTION 4975 OF THE CODE WITHOUT THE OPINION OF COUNSEL SATISFACTORY TO THE TRUSTEE AS DESCRIBED ABOVE SHALL BE VOID AND OF NO EFFECT.]

Certificate No. :
 Cut-off Date :
 First Distribution Date :
 Initial Notional Amount
 of this Certificate
 ("Denomination") : \$
 Initial Notional Amount
 of all Certificates
 of this Class : \$
 CUSIP :
 Interest Rate : Interest Only
 Maturity Date :

CWALT, INC.
 Mortgage Pass-Through Certificates, Series 200 ____ - ____
 Class []

evidencing a percentage interest in the distributions allocable to the Certificates of
 the above-referenced Class with respect to a Trust Fund consisting primarily of a
 pool of conventional mortgage loans (the "Mortgage Loans") secured by first
 liens on one- to four-family residential properties

CWALT, Inc., as Depositor

The Notional Amount of this certificate at any time, may be less than the Notional
 Amount as set forth herein. This Certificate does not evidence an obligation of, or an interest in,
 and is not guaranteed by the Depositor, the Sellers, the Master Servicer or the Trustee referred to
 below or any of their respective affiliates. Neither this Certificate nor the Mortgage Loans are
 guaranteed or insured by any governmental agency or instrumentality.

This certifies that _____ is the registered owner of the Percentage Interest
 evidenced by this Certificate (obtained by dividing the denomination of this Certificate by the
 aggregate Initial Notional Amount of all Certificates of the Class to which this Certificate
 belongs) in certain monthly distributions with respect to a Trust Fund consisting primarily of the
 Mortgage Loans deposited by CWALT, Inc. (the "Depositor"). The Trust Fund was created

pursuant to a Pooling and Servicing Agreement dated as of the Cut-off Date specified above (the "Agreement") among the Depositor, Countrywide Home Loans, Inc., as a seller ("CHL"), Park Granada LLC, as a seller ("Park Granada"), Park Monaco, Inc., as a seller ("Park Monaco"), and Park Sienna LLC, as a seller ("Park Sienna" and, together with CHL, Park Granada and Park Monaco, the "Sellers"), Countrywide Home Loans Servicing LP, as master servicer (the "Master Servicer"), and The Bank of New York, as trustee (the "Trustee"). To the extent not defined herein, the capitalized terms used herein have the meanings assigned in the Agreement. This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Holder of this Certificate by virtue of the acceptance hereof assents and by which such Holder is bound.

[Until this certificate has been the subject of an ERISA-Qualifying Underwriting, no transfer of a Certificate of this Class shall be made unless the Trustee shall have received either (i) a representation letter from the transferee of such Certificate, acceptable to and in form and substance satisfactory to the Trustee, to the effect that such transferee is not an employee benefit plan subject to Section 406 of ERISA or a plan or arrangement subject to Section 4975 of the Code, or a person acting on behalf of or investing plan assets of any such benefit plan or arrangement, which representation letter shall not be an expense of the Trustee, the Master Servicer or the Trust Fund, or (ii) in the case of any such Certificate presented for registration in the name of an employee benefit plan subject to ERISA or a plan or arrangement subject to Section 4975 of the Code (or comparable provisions of any subsequent enactments), a trustee of any such benefit plan or arrangement or any other person acting on behalf of any such benefit plan or arrangement, an Opinion of Counsel satisfactory to the Trustee to the effect that the purchase and holding of such Certificate will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, and will not subject the Trustee or the Master Servicer to any obligation in addition to those undertaken in the Agreement, which Opinion of Counsel shall not be an expense of the Trustee, the Master Servicer or the Trust Fund. When the transferee delivers the Opinion of Counsel described above, such representation shall be deemed to have been made to the Trustee by the Transferee's acceptance of a Certificate of this Class and by a beneficial owner's acceptance of its interest in a Certificate of this Class. Notwithstanding anything else to the contrary herein, until such certificate has been the subject of an ERISA-Qualifying Underwriting, any purported transfer of a Certificate of this Class to, or a person investing assets of, an employee benefit plan subject to ERISA or a plan or arrangement subject to Section 4975 of the Code without the opinion of counsel satisfactory to the Trustee as described above shall be void and of no effect.]

Reference is hereby made to the further provisions of this Certificate set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

This Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose unless manually countersigned by an authorized signatory of the Trustee.

* * *

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be duly executed.

Dated: _____, 20__

THE BANK OF NEW YORK,
as Trustee

By _____

Countersigned:

By _____
Authorized Signatory of
THE BANK OF NEW YORK,
as Trustee

EXHIBIT E

[FORM OF] REVERSE OF CERTIFICATES

CWALT, INC.
Mortgage Pass-Through Certificates

This Certificate is one of a duly authorized issue of Certificates designated as CWALT, Inc. Mortgage Pass-Through Certificates, of the Series specified on the face hereof (herein collectively called the "Certificates"), and representing a beneficial ownership interest in the Trust Fund created by the Agreement.

The Certificateholder, by its acceptance of this Certificate, agrees that it will look solely to the funds on deposit in the Distribution Account for payment hereunder and that the Trustee is not liable to the Certificateholders for any amount payable under this Certificate or the Agreement or, except as expressly provided in the Agreement, subject to any liability under the Agreement.

This Certificate does not purport to summarize the Agreement and reference is made to the Agreement for the interests, rights and limitations of rights, benefits, obligations and duties evidenced thereby, and the rights, duties and immunities of the Trustee.

Pursuant to the terms of the Agreement, a distribution will be made on the 20th day of each month or, if such day is not a Business Day, the Business Day immediately following (the "Distribution Date"), commencing on the first Distribution Date specified on the face hereof, to the Person in whose name this Certificate is registered at the close of business on the applicable Record Date in an amount equal to the product of the Percentage Interest evidenced by this Certificate and the amount required to be distributed to Holders of Certificates of the Class to which this Certificate belongs on such Distribution Date pursuant to the Agreement. The Record Date applicable to each Distribution Date is the last Business Day of the month next preceding the month of such Distribution Date.

Distributions on this Certificate shall be made by wire transfer of immediately available funds to the account of the Holder hereof at a bank or other entity having appropriate facilities therefor, if such Certificateholder shall have so notified the Trustee in writing at least five Business Days prior to the related Record Date and such Certificateholder shall satisfy the conditions to receive such form of payment set forth in the Agreement, or, if not, by check mailed by first class mail to the address of such Certificateholder appearing in the Certificate Register. The final distribution on each Certificate will be made in like manner, but only upon presentment and surrender of such Certificate at the Corporate Trust Office or such other location specified in the notice to Certificateholders of such final distribution.

The Agreement permits, with certain exceptions therein provided, the amendment thereof and the modification of the rights and obligations of the Trustee and the rights of the Certificateholders under the Agreement at any time by the Depositor, the Master Servicer and the

Trustee with the consent of the Holders of Certificates affected by such amendment evidencing the requisite Percentage Interest, as provided in the Agreement. Any such consent by the Holder of this Certificate shall be conclusive and binding on such Holder and upon all future Holders of this Certificate and of any Certificate issued upon the transfer hereof or in exchange therefor or in lieu hereof whether or not notation of such consent is made upon this Certificate. The Agreement also permits the amendment thereof, in certain limited circumstances, without the consent of the Holders of any of the Certificates.

As provided in the Agreement and subject to certain limitations therein set forth, the transfer of this Certificate is registrable in the Certificate Register of the Trustee upon surrender of this Certificate for registration of transfer at the Corporate Trust Office or the office or agency maintained by the Trustee in New York, New York, accompanied by a written instrument of transfer in form satisfactory to the Trustee and the Certificate Registrar duly executed by the holder hereof or such holder's attorney duly authorized in writing, and thereupon one or more new Certificates of the same Class in authorized denominations and evidencing the same aggregate Percentage Interest in the Trust Fund will be issued to the designated transferee or transferees.

The Certificates are issuable only as registered Certificates without coupons in denominations specified in the Agreement. As provided in the Agreement and subject to certain limitations therein set forth, Certificates are exchangeable for new Certificates of the same Class in authorized denominations and evidencing the same aggregate Percentage Interest, as requested by the Holder surrendering the same.

No service charge will be made for any such registration of transfer or exchange, but the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Depositor, the Master Servicer, the Sellers and the Trustee and any agent of the Depositor or the Trustee may treat the Person in whose name this Certificate is registered as the owner hereof for all purposes, and neither the Depositor, the Trustee, nor any such agent shall be affected by any notice to the contrary.

On any Distribution Date on which the Pool Stated Principal Balance is less than or equal to 10% of the Cut-off Date Pool Principal Balance, the Master Servicer will have the option, subject to the limitations set forth in the Agreement, to repurchase, in whole, from the Trust Fund all remaining Mortgage Loans and all property acquired in respect of the Mortgage Loans at a purchase price determined as provided in the Agreement. In the event that no such optional termination occurs, the obligations and responsibilities created by the Agreement will terminate upon the later of the maturity or other liquidation (or any advance with respect thereto) of the last Mortgage Loan remaining in the Trust Fund or the disposition of all property in respect thereof and the distribution to Certificateholders of all amounts required to be distributed pursuant to the Agreement. In no event, however, will the trust created by the Agreement continue beyond the

expiration of 21 years from the death of the last survivor of the descendants living at the date of the Agreement of a certain person named in the Agreement.

Any term used herein that is defined in the Agreement shall have the meaning assigned in the Agreement, and nothing herein shall be deemed inconsistent with that meaning.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto _____

(Please print or typewrite name and address including postal zip code of assignee)

the Percentage Interest evidenced by the within Certificate and hereby authorizes the transfer of registration of such Percentage Interest to assignee on the Certificate Register of the Trust Fund.

I (We) further direct the Trustee to issue a new Certificate of a like denomination and Class, to the above named assignee and deliver such Certificate to the following address:

Dated:

Signature by or on behalf of assignor

DISTRIBUTION INSTRUCTIONS

The assignee should include the following for purposes of distribution:

Distributions shall be made, by wire transfer or otherwise, in immediately available funds to, _____

for the account of _____,
account number _____, or, if mailed by check, to _____
Applicable statements should be mailed to _____

This information is provided by _____,
the assignee named above, or _____,
as its agent.

STATE OF

)

) ss.:

COUNTY OF

)

On the ____ day of _____, 20__ before me, a notary public in
and for said State, personally appeared _____, known to
me who, being by me duly sworn, did depose and say that he executed the foregoing instrument.

Notary Public

[Notarial Seal]

EXHIBIT F-1

[FORM OF] INITIAL CERTIFICATION OF TRUSTEE
(INITIAL MORTGAGE LOANS)

[date]

[Depositor]

[Master Servicer]

[Countrywide]

Re: Pooling and Servicing Agreement among CWALT, Inc., as Depositor, Countrywide Home Loans, Inc. ("Countrywide"), as a Seller, Park Granada LLC, as a Seller, Park Monaco, Inc., as a Seller, Park Sienna LLC, as a Seller, Countrywide Home Loans Servicing LP, as Master Servicer, and The Bank of New York, as Trustee, Mortgage Pass-Through Certificates, Series 200 -

Gentlemen:

In accordance with Section 2.02 of the above-captioned Pooling and Servicing Agreement (the "Pooling and Servicing Agreement"), the undersigned, as Trustee, hereby certifies that, as to each Initial Mortgage Loan listed in the Mortgage Loan Schedule (other than any Initial Mortgage Loan paid in full or listed on the attached schedule) it has received:

(i) (a) the original Mortgage Note endorsed in the following form: "Pay to the order of _____, without recourse" or (b) with respect to any Lost Mortgage Note, a lost note affidavit from Countrywide stating that the original Mortgage Note was lost or destroyed; and

(ii) a duly executed assignment of the Mortgage (which may be included in a blanket assignment or assignments).

Based on its review and examination and only as to the foregoing documents, such documents appear regular on their face and related to such Mortgage Loan.

The Trustee has made no independent examination of any documents contained in each Mortgage File beyond the review specifically required in the Pooling and Servicing Agreement. The Trustee makes no representations as to: (i) the validity, legality, sufficiency, enforceability or genuineness of any of the documents contained in each Mortgage File of any of the Initial

Mortgage Loans identified on the Mortgage Loan Schedule, or (ii) the collectability, insurability, effectiveness or suitability of any such Initial Mortgage Loan.

Capitalized words and phrases used herein shall have the respective meanings assigned to them in the Pooling and Servicing Agreement.

THE BANK OF NEW YORK,
as Trustee

By: _____
Name:
Title:

EXHIBIT F-2

[FORM OF] INITIAL CERTIFICATION OF TRUSTEE
(SUPPLEMENTAL MORTGAGE LOANS)

[date]

[Depositor]

[Master Servicer]

[Countrywide]

Re: Pooling and Servicing Agreement among CWALT, Inc., as Depositor, Countrywide Home Loans, Inc., as a Seller, Park Granada LLC, as a Seller, Park Monaco, Inc., as a Seller, Park Sienna LLC, as a Seller, Countrywide Home Loans Servicing LP, as Master Servicer, and The Bank of New York, as Trustee, Mortgage Pass-Through Certificates, Series 20__-__ and the Supplemental Transfer Agreement dated as of [month] ____, 200__ among CWALT, Inc., as Depositor, Countrywide Home Loans, Inc., as a Seller, Park Granada LLC, as a Seller, Park Monaco, Inc., as a Seller, Park Sienna LLC, as a Seller, and The Bank of New York, as Trustee

Gentlemen:

In accordance with Section 2.02 of the above-captioned Pooling and Servicing Agreement (the "Pooling and Servicing Agreement") and the Supplemental Transfer Agreement, dated as of [month] ____, 200__, the undersigned, as Trustee, hereby certifies that, as to each Supplemental Mortgage Loan listed in the Mortgage Loan Schedule (other than any Supplemental Mortgage Loan paid in full or listed on the attached schedule) it has received:

(i) (a) the original Mortgage Note endorsed in the following form: "Pay to the order of _____, without recourse" or (b) with respect to any Lost Mortgage Note, a lost note affidavit from the Seller stating that the original Mortgage Note was lost or destroyed; and

(ii) a duly executed assignment of the Mortgage (which may be included in a blanket assignment or assignments)

Based on its review and examination and only as to the foregoing documents, such documents appear regular on their face and related to such Mortgage Loan.

The Trustee has made no independent examination of any documents contained in each Mortgage File beyond the review specifically required in the Pooling and Servicing Agreement. The Trustee makes no representations as to: (i) the validity, legality, sufficiency, enforceability or genuineness of any of the documents contained in each Mortgage File of any of the Supplemental Mortgage Loans identified on the Mortgage Loan Schedule, or (ii) the collectability, insurability, effectiveness or suitability of any such Supplemental Mortgage Loan.

Capitalized words and phrases used herein shall have the respective meanings assigned to them in the Pooling and Servicing Agreement.

THE BANK OF NEW YORK,
as Trustee

By: _____
Name:
Title:

EXHIBIT G-1

[FORM OF] DELAY DELIVERY CERTIFICATION
(INITIAL MORTGAGE LOANS)

[date]

[Depositor]

[Master Servicer]

[Countrywide]

Re: Pooling and Servicing Agreement among CWALT, Inc., as Depositor, Countrywide Home Loans, Inc. ("Countrywide"), as a Seller, Park Granada LLC, as a Seller, Park Monaco, Inc., as a Seller, Park Sienna LLC, as a Seller, Countrywide Home Loans Servicing LP, as Master Servicer, and The Bank of New York, as Trustee, Mortgage Pass-Through Certificates, Series 200 -

Gentlemen:

Reference is made to the Initial Certification of Trustee relating to the above-referenced series, with the schedule of exceptions attached thereto (the "Schedule A"), delivered by the undersigned, as Trustee, on the Closing Date in accordance with Section 2.02 of the above-captioned Pooling and Servicing Agreement (the "Pooling and Servicing Agreement"). The undersigned hereby certifies that, as to each Delay Delivery Initial Mortgage Loan listed on Schedule A attached hereto (other than any Initial Mortgage Loan paid in full or listed on Schedule B attached hereto) it has received:

- (i) the original Mortgage Note, endorsed by Countrywide or the originator of such Mortgage Loan, without recourse in the following form: "Pay to the order of _____ without recourse", with all intervening endorsements that show a complete chain of endorsement from the originator to Countrywide, or, if the original Mortgage Note has been lost or destroyed and not replaced, an original lost note affidavit from Countrywide, stating that the original Mortgage Note was lost or destroyed, together with a copy of the related Mortgage Note;

- (ii) in the case of each Initial Mortgage Loan that is not a MERS Mortgage Loan, the original recorded Mortgage, [and in the case of each Initial Mortgage Loan that is a MERS Mortgage Loan, the original Mortgage, noting thereon the presence of the MIN of the Initial Mortgage Loan and language indicating that the Initial Mortgage Loan is a MOM Loan if the Initial Mortgage Loan is a MOM Loan, with evidence of recording indicated thereon, or a copy of the Mortgage certified by the public recording office in which such Mortgage has been recorded];
- (iii) in the case of each Initial Mortgage Loan that is not a MERS Mortgage Loan, a duly executed assignment of the Mortgage to "The Bank of New York, as trustee under the Pooling and Servicing Agreement dated as of [month] 1, 200[], without recourse", or, in the case of each Initial Mortgage Loan with respect to property located in the State of California that is not a MERS Mortgage Loan, a duly executed assignment of the Mortgage in blank (each such assignment, when duly and validly completed, to be in recordable form and sufficient to effect the assignment of and transfer to the assignee thereof, under the Mortgage to which such assignment relates);
- (iv) the original recorded assignment or assignments of the Mortgage together with all interim recorded assignments of such Mortgage [(noting the presence of a MIN in the case of each MERS Mortgage Loan)];
- (v) the original or copies of each assumption, modification, written assurance or substitution agreement, if any, with evidence of recording thereon if recordation thereof is permissible under applicable law; and
- (vi) the original or duplicate original lender's title policy or a printout of the electronic equivalent and all riders thereto or, in the event such original title policy has not been received from the insurer, any one of an original title binder, an original preliminary title report or an original title commitment, or a copy thereof certified by the title company, with the original policy of title insurance to be delivered within one year of the Closing Date.

In the event that in connection with any Mortgage Loan that is not a MERS Mortgage Loan Countrywide cannot deliver the original recorded Mortgage or all interim recorded assignments of the Mortgage satisfying the requirements of clause (ii), (iii) or (iv), as applicable, the Trustee has received, in lieu thereof, a true and complete copy of such Mortgage and/or such assignment or assignments of the Mortgage, as applicable, each certified by Countrywide, the applicable title company, escrow agent or attorney, or the originator of such Initial Mortgage Loan, as the case may be, to be a true and complete copy of the original Mortgage or assignment of Mortgage submitted for recording

Based on its review and examination and only as to the foregoing documents, (i) such documents appear regular on their face and related to such Initial Mortgage Loan, and (ii) the information set forth in items (i), (iv), (v), (vi), (viii), (xi) and (xiv) of the definition of the "Mortgage Loan Schedule" in Article I of the Pooling and Servicing Agreement accurately reflects information set forth in the Mortgage File.

The Trustee has made no independent examination of any documents contained in each Mortgage File beyond the review specifically required in the above-referenced Pooling and Servicing Agreement. The Trustee makes no representations as to: (i) the validity, legality, sufficiency, enforceability or genuineness of any of the documents contained in each Mortgage File of any of the Initial Mortgage Loans identified on the [Mortgage Loan Schedule][Loan Number and Borrower Identification Mortgage Loan Schedule] or (ii) the collectibility, insurability, effectiveness or suitability of any such Mortgage Loan.

Capitalized words and phrases used herein shall have the respective meanings assigned to them in the Pooling and Servicing Agreement.

THE BANK OF NEW YORK,
as Trustee

By: _____
Name:
Title:

EXHIBIT G-2

[FORM OF] DELAY DELIVERY CERTIFICATION
(SUPPLEMENTAL MORTGAGE LOANS)

[date]

[Depositor]

[Master Servicer]

[Countrywide]

Re: Pooling and Servicing Agreement among CWALT, Inc., as Depositor, Countrywide Home Loans, Inc., as a Seller, Park Granada LLC, as a Seller, Park Monaco, Inc., as a Seller, Park Sienna LLC, as a Seller, Countrywide Home Loans Servicing LP, as Master Servicer, and The Bank of New York, as Trustee, Mortgage Pass-Through Certificates, Series 20__-__ and the Supplemental Transfer Agreement dated as of [month] ____, 200__ among CWALT, Inc., as Depositor, Countrywide Home Loans, Inc., as a Seller, Park Granada LLC, as a Seller, Park Monaco, Inc., as a Seller, Park Sienna LLC, as a Seller, and The Bank of New York, as Trustee

Gentlemen:

Reference is made to the Initial Certification of Trustee relating to the above-referenced series, with the schedule of exceptions attached thereto (the "Schedule A"), delivered by the undersigned, as Trustee, on [month] __, 200__ (such date being the related "Supplemental Transfer Date" in accordance with Section 2.02 of the above-captioned Pooling and Servicing Agreement (the "Pooling and Servicing Agreement")). The undersigned hereby certifies that, as to each Delay Delivery Supplemental Mortgage Loan listed on Schedule A attached hereto (other than any Supplemental Mortgage Loan paid in full or listed on Schedule B attached hereto) it has received:

- (i) the original Mortgage Note, endorsed by the Seller or the originator of such Mortgage Loan, without recourse in the following form: "Pay to the order of _____ without recourse", with all intervening endorsements that show a complete chain of endorsement from the originator to the Seller, or, if the

original Mortgage Note has been lost or destroyed and not replaced, an original lost note affidavit from the Seller, stating that the original Mortgage Note was lost or destroyed, together with a copy of the related Mortgage Note;

- (ii) in the case of each Supplemental Mortgage Loan that is not a MERS Mortgage Loan, the original recorded Mortgage, [and in the case of each Supplemental Mortgage Loan that is a MERS Mortgage Loan, the original Mortgage, noting thereon the presence of the MIN of the Supplemental Mortgage Loan and language indicating that the Supplemental Mortgage Loan is a MOM Loan if the Supplemental Mortgage Loan is a MOM Loan, with evidence of recording indicated thereon, or a copy of the Mortgage certified by the public recording office in which such Mortgage has been recorded];
- (iii) in the case of each Supplemental Mortgage Loan that is not a MERS Mortgage Loan, a duly executed assignment of the Mortgage to "The Bank of New York, as trustee under the Pooling and Servicing Agreement dated as of [month] 1, 2004, without recourse", or, in the case of each Supplemental Mortgage Loan with respect to property located in the State of California that is not a MERS Mortgage Loan, a duly executed assignment of the Mortgage in blank (each such assignment, when duly and validly completed, to be in recordable form and sufficient to effect the assignment of and transfer to the assignee thereof, under the Mortgage to which such assignment relates);
- (iv) the original recorded assignment or assignments of the Mortgage together with all interim recorded assignments of such Mortgage [(noting the presence of a MIN in the case of each MERS Mortgage Loan)];
- (v) the original or copies of each assumption, modification, written assurance or substitution agreement, if any, with evidence of recording thereon if recordation thereof is permissible under applicable law; and
- (vi) the original or duplicate original lender's title policy or a printout of the electronic equivalent and all riders thereto or, in the event such original title policy has not been received from the insurer, any one of an original title binder, an original preliminary title report or an original title commitment, or a copy thereof certified by the title company, with the original policy of title insurance to be delivered within one year of the Closing Date.

In the event that in connection with any Mortgage Loan that is not a MERS Mortgage Loan the Seller cannot deliver the original recorded Mortgage or all interim recorded assignments of the Mortgage satisfying the requirements of clause (ii), (iii) or (iv), as applicable, the Trustee has received, in lieu thereof, a true and complete copy of such Mortgage and/or such assignment or assignments of the Mortgage, as applicable, each certified by the Seller, the applicable title company, escrow agent or attorney, or the originator of such Supplemental

Mortgage Loan, as the case may be, to be a true and complete copy of the original Mortgage or assignment of Mortgage submitted for recording.

Based on its review and examination and only as to the foregoing documents, (i) such documents appear regular on their face and related to such Supplemental Mortgage Loan, and (ii) the information set forth in items (i), (iv), (v), (vi), (viii), (xi) and (xiv) of the definition of the "Mortgage Loan Schedule" in Section 1.01 of the Pooling and Servicing Agreement accurately reflects information set forth in the Mortgage File.

The Trustee has made no independent examination of any documents contained in each Mortgage File beyond the review specifically required in the above-referenced Pooling and Servicing Agreement. The Trustee makes no representations as to: (i) the validity, legality, sufficiency, enforceability or genuineness of any of the documents contained in each Mortgage File of any of the Supplemental Mortgage Loans identified on the [Mortgage Loan Schedule][Loan Number and Borrower Identification Mortgage Loan Schedule] or (ii) the collectibility, insurability, effectiveness or suitability of any such Mortgage Loan.

Capitalized words and phrases used herein shall have the respective meanings assigned to them in the Pooling and Servicing Agreement.

THE BANK OF NEW YORK,
as Trustee

By: _____
Name:
Title:

EXHIBIT H-1

[FORM OF] FINAL CERTIFICATION OF TRUSTEE
(INITIAL MORTGAGE LOANS)

[date]

[Depositor]

[Master Servicer]

[Countrywide]

Re: Pooling and Servicing Agreement among CWALT, Inc., as Depositor, Countrywide Home Loans, Inc. ("Countrywide"), as a Seller, Park Granada LLC, as a Seller, Park Monaco, Inc., as a Seller, Park Sienna LLC, as a Seller, Countrywide Home Loans Servicing LP, as Master Servicer, and The Bank of New York, as Trustee, Mortgage Pass-Through Certificates, Series 200 -

Gentlemen:

In accordance with Section 2.02 of the above-captioned Pooling and Servicing Agreement (the "Pooling and Servicing Agreement"), the undersigned, as Trustee, hereby certifies that as to each Initial Mortgage Loan listed in the Mortgage Loan Schedule (other than any Initial Mortgage Loan paid in full or listed on the attached Document Exception Report) it has received:

- (i) the original Mortgage Note, endorsed by Countrywide or the originator of such Mortgage Loan, without recourse in the following form: "Pay to the order of _____ without recourse", with all intervening endorsements that show a complete chain of endorsement from the originator to Countrywide, or, if the original Mortgage Note has been lost or destroyed and not replaced, an original lost note affidavit from Countrywide, stating that the original Mortgage Note was lost or destroyed, together with a copy of the related Mortgage Note;
- (ii) in the case of each Initial Mortgage Loan that is not a MERS Mortgage Loan, the original recorded Mortgage, [and in the case of each Initial Mortgage Loan that is

- (iii) a MERS Mortgage Loan, the original Mortgage, noting thereon the presence of the MIN of the Mortgage Loan and language indicating that the Mortgage Loan is a MOM Loan if the Mortgage Loan is a MOM Loan, with evidence of recording indicated thereon, or a copy of the Mortgage certified by the public recording office in which such Mortgage has been recorded];
- (iv) in the case of each Initial Mortgage Loan that is not a MERS Mortgage Loan, a duly executed assignment of the Mortgage to "The Bank of New York, as trustee under the Pooling and Servicing Agreement dated as of [month] 1, 200[], without recourse", or, in the case of each Initial Mortgage Loan with respect to property located in the State of California that is not a MERS Mortgage Loan, a duly executed assignment of the Mortgage in blank (each such assignment, when duly and validly completed, to be in recordable form and sufficient to effect the assignment of and transfer to the assignee thereof, under the Mortgage to which such assignment relates);
- (v) the original recorded assignment or assignments of the Mortgage together with all interim recorded assignments of such Mortgage [(noting the presence of a MIN in the case of each Initial Mortgage Loan that is a MERS Mortgage Loan)];
- (vi) the original or copies of each assumption, modification, written assurance or substitution agreement, if any, with evidence of recording thereon if recordation thereof is permissible under applicable law; and
- (vii) the original or duplicate original lender's title policy or a printout of the electronic equivalent and all riders thereto or, in the event such original title policy has not been received from the insurer, any one of an original title binder, an original preliminary title report or an original title commitment, or a copy thereof certified by the title company, with the original policy of title insurance to be delivered within one year of the Closing Date.

In the event that in connection with any Initial Mortgage Loan that is not a MERS Mortgage Loan Countrywide cannot deliver the original recorded Mortgage or all interim recorded assignments of the Mortgage satisfying the requirements of clause (ii), (iii) or (iv), as applicable, the Trustee has received, in lieu thereof, a true and complete copy of such Mortgage and/or such assignment or assignments of the Mortgage, as applicable, each certified by Countrywide, the applicable title company, escrow agent or attorney, or the originator of such Initial Mortgage Loan, as the case may be, to be a true and complete copy of the original Mortgage or assignment of Mortgage submitted for recording.

Based on its review and examination and only as to the foregoing documents, (i) such documents appear regular on their face and related to such Initial Mortgage Loan, and (ii) the information set forth in items (i), (iv), (v), (vi), (viii), (xi) and (xiv) of the definition of the "Mortgage Loan Schedule" in Article I of the Pooling and Servicing Agreement accurately reflects information set forth in the Mortgage File.

The Trustee has made no independent examination of any documents contained in each Mortgage File beyond the review specifically required in the above-referenced Pooling and Servicing Agreement. The Trustee makes no representations as to: (i) the validity, legality, sufficiency, enforceability or genuineness of any of the documents contained in each Mortgage File of any of the Initial Mortgage Loans identified on the [Mortgage Loan Schedule][Loan Number and Borrower Identification Mortgage Loan Schedule] or (ii) the collectibility, insurability, effectiveness or suitability of any such Initial Mortgage Loan.

Capitalized words and phrases used herein shall have the respective meanings assigned to them in the Pooling and Servicing Agreement.

THE BANK OF NEW YORK,
as Trustee

By : _____
Name:
Title:

EXHIBIT H-2

[FORM OF] FINAL CERTIFICATION OF TRUSTEE
(SUPPLEMENTAL MORTGAGE LOANS)

[date]

[Depositor]

[Master Servicer]

[Countrywide]

Re: Pooling and Servicing Agreement among CWALT, Inc., as Depositor, Countrywide Home Loans, Inc., as a Seller, Park Granada LLC, as a Seller, Park Monaco, Inc., as a Seller, Park Sienna LLC, as a Seller, Countrywide Home Loans Servicing LP, as Master Servicer, and The Bank of New York, as Trustee, Mortgage Pass-Through Certificates, Series 20__ - __ and the Supplemental Transfer Agreement dated as of [month] ____, 200__ among CWALT, Inc., as Depositor, Countrywide Home Loans, Inc., as a Seller, Park Granada LLC, as a Seller, Park Monaco, Inc., as a Seller, Park Sienna LLC, as a Seller, and The Bank of New York, as Trustee

Gentlemen:

In accordance with Section 2.02 of the above-captioned Pooling and Servicing Agreement (the "Pooling and Servicing Agreement"), the undersigned, as Trustee, hereby certifies that as to each Supplemental Mortgage Loan listed in the Mortgage Loan Schedule (other than any Supplemental Mortgage Loan paid in full or listed on the attached Document Exception Report) it has received:

- (i) the original Mortgage Note, endorsed by the Seller or the originator of such Mortgage Loan, without recourse in the following form: "Pay to the order of _____ without recourse", with all intervening endorsements that show a complete chain of endorsement from the originator to the Seller, or, if the original Mortgage Note has been lost or destroyed and not replaced, an original

lost note affidavit from the Seller, stating that the original Mortgage Note was lost or destroyed, together with a copy of the related Mortgage Note;

- (ii) in the case of each Supplemental Mortgage Loan that is not a MERS Mortgage Loan, the original recorded Mortgage, [and in the case of each Supplemental Mortgage Loan that is a MERS Mortgage Loan, the original Mortgage, noting thereon the presence of the MIN of the Mortgage Loan and language indicating that the Mortgage Loan is a MOM Loan if the Mortgage Loan is a MOM Loan, with evidence of recording indicated thereon, or a copy of the Mortgage certified by the public recording office in which such Mortgage has been recorded];
- (iii) in the case of each Supplemental Mortgage Loan that is not a MERS Mortgage Loan, a duly executed assignment of the Mortgage to "The Bank of New York, as trustee under the Pooling and Servicing Agreement dated as of [month] 1, 2004, without recourse", or, in the case of each Supplemental Mortgage Loan with respect to property located in the State of California that is not a MERS Mortgage Loan, a duly executed assignment of the Mortgage in blank (each such assignment, when duly and validly completed, to be in recordable form and sufficient to effect the assignment of and transfer to the assignee thereof, under the Mortgage to which such assignment relates);
- (iv) the original recorded assignment or assignments of the Mortgage together with all interim recorded assignments of such Mortgage [(noting the presence of a MIN in the case of each Supplemental Mortgage Loan that is a MERS Mortgage Loan)];
- (v) the original or copies of each assumption, modification, written assurance or substitution agreement, if any, with evidence of recording thereon if recordation thereof is permissible under applicable law; and
- (vi) the original or duplicate original lender's title policy or a printout of the electronic equivalent and all riders thereto or, in the event such original title policy has not been received from the insurer, any one of an original title binder, an original preliminary title report or an original title commitment, or a copy thereof certified by the title company, with the original policy of title insurance to be delivered within one year of the Closing Date.

In the event that in connection with any Supplemental Mortgage Loan that is not a MERS Mortgage Loan the Seller cannot deliver the original recorded Mortgage or all interim recorded assignments of the Mortgage satisfying the requirements of clause (ii), (iii) or (iv), as applicable, the Trustee has received, in lieu thereof, a true and complete copy of such Mortgage and/or such assignment or assignments of the Mortgage, as applicable, each certified by the Seller, the applicable title company, escrow agent or attorney, or the originator of such Supplemental Mortgage Loan, as the case may be, to be a true and complete copy of the original Mortgage or assignment of Mortgage submitted for recording.

Based on its review and examination and only as to the foregoing documents, (i) such documents appear regular on their face and related to such Supplemental Mortgage Loan, and (ii) the information set forth in items (i), (iv), (v), (vi), (viii), (xi) and (xiv) of the definition of the "Mortgage Loan Schedule" in Section 1.01 of the Pooling and Servicing Agreement accurately reflects information set forth in the Mortgage File.

The Trustee has made no independent examination of any documents contained in each Mortgage File beyond the review specifically required in the above-referenced Pooling and Servicing Agreement. The Trustee makes no representations as to: (i) the validity, legality, sufficiency, enforceability or genuineness of any of the documents contained in each Mortgage File of any of the Supplemental Mortgage Loans identified on the [Mortgage Loan Schedule][Loan Number and Borrower Identification Mortgage Loan Schedule] or (ii) the collectibility, insurability, effectiveness or suitability of any such Supplemental Mortgage Loan.

Capitalized words and phrases used herein shall have the respective meanings assigned to them in the Pooling and Servicing Agreement.

THE BANK OF NEW YORK,
as Trustee

By : _____
Name:
Title:

CWALT, Inc.
Mortgage Pass-Through Certificates
Series 200 -

The undersigned, being first duly sworn, deposes and says as follows:

2. The Transferee is not an employee benefit plan that is subject to Title I of ERISA or to section 4975 of the Internal Revenue Code of 1986, nor is it acting on behalf of or with plan assets of any such plan. The Transferee is, as of the date hereof, and will be, as of the date of the Transfer, a Permitted Transferee. The Transferee will endeavor to remain a Permitted Transferee for so long as it retains its Ownership Interest in the Certificate. The Transferee is acquiring its Ownership Interest in the Certificate for its own account.

4. The Transferee has been advised of, and understands that a tax will be imposed on a "pass-through entity" holding the Certificate if at any time during the taxable year of the pass-through entity a Person that is not a Permitted Transferee is the record holder of an

interest in such entity. The Transferee understands that such tax will not be imposed for any period with respect to which the record holder furnishes to the pass-through entity an affidavit that such record holder is a Permitted Transferee and the pass-through entity does not have actual knowledge that such affidavit is false. (For this purpose, a "pass-through entity" includes a regulated investment company, a real estate investment trust or common trust fund, a partnership, trust or estate, and certain cooperatives and, except as may be provided in Treasury Regulations, persons holding interests in pass-through entities as a nominee for another Person.)

5. The Transferee has reviewed the provisions of Section 5.02(c) of the Agreement (attached hereto as Exhibit 2 and incorporated herein by reference) and understands the legal consequences of the acquisition of an Ownership Interest in the Certificate including, without limitation, the restrictions on subsequent Transfers and the provisions regarding voiding the Transfer and mandatory sales. The Transferee expressly agrees to be bound by and to abide by the provisions of Section 5.02(c) of the Agreement and the restrictions noted on the face of the Certificate. The Transferee understands and agrees that any breach of any of the representations included herein shall render the Transfer to the Transferee contemplated hereby null and void.

6. The Transferee agrees to require a Transfer Affidavit from any Person to whom the Transferee attempts to Transfer its Ownership Interest in the Certificate, and in connection with any Transfer by a Person for whom the Transferee is acting as nominee, trustee or agent, and the Transferee will not Transfer its Ownership Interest or cause any Ownership Interest to be Transferred to any Person that the Transferee knows is not a Permitted Transferee. In connection with any such Transfer by the Transferee, the Transferee agrees to deliver to the Trustee a certificate substantially in the form set forth as Exhibit J-1 to the Agreement (a "Transferor Certificate") to the effect that such Transferee has no actual knowledge that the Person to which the Transfer is to be made is not a Permitted Transferee.

7. The Transferee does not have the intention to impede the assessment or collection of any tax legally required to be paid with respect to the Class A-R Certificates.

8. The Transferee's taxpayer identification number is _____.

9. The Transferee is a U.S. Person as defined in Code section 7701(a)(30) and, unless the Transferor (or any subsequent transferor) expressly waives such requirement, will not cause income from the Certificate to be attributable to a foreign permanent establishment or fixed base (within the meaning of an applicable income tax treaty) of the Transferee or another U.S. taxpayer.

10. The Transferee is aware that the Class A-R Certificates may be "noneconomic residual interests" within the meaning of Treasury Regulation Section 1.860E-1(c) and that the transferor of a noneconomic residual interest will remain liable for any taxes due with respect to the income on such residual interest, unless no significant purpose of the transfer was to impede the assessment or collection of tax. In addition, as the Holder of a

noneconomic residual interest, the Transferee may incur tax liabilities in excess of any cash flows generated by the interest and the Transferee hereby represents that it intends to pay taxes associated with holding the residual interest as they become due.

11. The Transferee has provided financial statements or other financial information requested by the Transferor in connection with the transfer of the Certificate to permit the Transferor to assess the financial capability of the Transferee to pay such taxes. The Transferee historically has paid its debts as they have come due and intends to pay its debts as they come due in the future.

12. Unless the Transferor (or any subsequent transferor) expressly waives such requirement, the Transferee (and any subsequent transferee) certifies (or will certify), respectively, that the transfer satisfies either the "Asset Test" imposed by Treasury Regulation § 1.860E-1(c)(5) or the "Formula Test" imposed by Treasury Regulation § 1.860E-1(c)(7).

* * *

IN WITNESS WHEREOF, the Transferee has caused this instrument to be executed on its behalf by its duly authorized officer, this ____ day of _____, 2__.

PRINT NAME OF TRANSFEREE

By: _____
Name: _____
Title: _____

[Corporate Seal]

ATTEST:

[Assistant] Secretary

Personally appeared before me the above-named _____, known or proved to me to be the same person who executed the foregoing instrument and to be the _____ of the Transferee, and acknowledged that he executed the same as his free act and deed and the free act and deed of the Transferee.

Subscribed and sworn before me this ____ day of _____, 20__.

NOTARY PUBLIC

My Commission expires the
____ day of _____, 20__

**WAIVER OF REQUIREMENT THAT TRANSFEREE CERTIFIES TRANSFER OF
CERTIFICATE SATISFIES CERTAIN REGULATORY "SAFE HARBORS"**

The Transferor hereby waives the requirement that the Transferee certify that the transfer of the Certificate satisfies either the "Asset Test" imposed by Treasury Regulation § 1.860E-1(c)(5) or the "Formula Test" imposed by Treasury Regulation § 1.860E-1(c)(7).

CWALT, INC.

By: _____
Name:
Title:

Certain Definitions

“Asset Test”: A transfer satisfies the Asset Test if: (i) At the time of the transfer, and at the close of each of the transferee's two fiscal years preceding the transferee's fiscal year of transfer, the transferee's gross assets for financial reporting purposes exceed \$100 million and its net assets for financial reporting purposes exceed \$10 million. The gross assets and net assets of a transferee do not include any obligation of any “related person” or any other asset if a principal purpose for holding or acquiring the other asset is to permit the transferee to satisfy such monetary conditions; (ii) The transferee must be an “eligible corporation” and must agree in writing that any subsequent transfer of the interest will be to another eligible corporation in a transaction that satisfies paragraphs 9 through 11 of this Transfer Affidavit and the Asset Test. A transfer fails to meet the Asset Test if the transferor knows, or has reason to know, that the transferee will not honor the restrictions on subsequent transfers of the Certificate; and (iii) A reasonable person would not conclude, based on the facts and circumstances known to the transferor on or before the date of the transfer, that the taxes associated with the Certificate will not be paid. The consideration given to the transferee to acquire the Certificate is only one factor to be considered, but the transferor will be deemed to know that the transferee cannot or will not pay if the amount of consideration is so low compared to the liabilities assumed that a reasonable person would conclude that the taxes associated with holding the Certificate will not be paid. For purposes of applying the Asset Test, (i) an “eligible corporation” means any domestic C corporation (as defined in section 1361(a)(2) of the Code) other than (A) a corporation which is exempt from, or is not subject to, tax under section 11 of the Code, (B) an entity described in section 851(a) or 856(a) of the Code, (C) A REMIC, or (D) an organization to which part I of subchapter T of chapter 1 of subtitle A of the Code applies; (ii) a “related person” is any person that (A) bears a relationship to the transferee enumerated in section 267(b) or 707(b)(1) of the Code, using “20 percent” instead of “50 percent” where it appears under the provisions, or (B) is under common control (within the meaning of section 52(a) and (b)) with the transferee.

“Formula Test”: A transfer satisfies the formula test if the present value of the anticipated tax liabilities associated with holding the Certificate does not exceed the sum of (i) the present value of any consideration given to the transferee to acquire the Certificate; (ii) the present value of the expected future distributions on the Certificate; and (iii) the present value of the anticipated tax savings associated with holding the Certificate as the issuing REMIC generates losses. For purposes of applying the Formula Test: (i) The transferee is assumed to pay tax at a rate equal to the highest rate of tax specified in section 11(b)(1) of the Code. If the transferee has been subject to the alternative minimum tax under section 55 of the Code in the preceding two years and will compute its taxable income in the current taxable year using the alternative minimum tax rate, then the tax rate specified in section 55(b)(1)(B) of the Code may be used in lieu of the highest rate specified in section 11(b)(1) of the Code; (ii) The transfer must satisfy paragraph 9 of the Transfer Affidavit; and (iii) Present values are computed using a

discount rate equal to the Federal short-term rate prescribed by section 1274(d) of the Code for the month of the transfer and the compounding period used by the taxpayer.

“Ownership Interest”: As to any Certificate, any ownership interest in such Certificate, including any interest in such Certificate as the Holder thereof and any other interest therein, whether direct or indirect, legal or beneficial.

“Permitted Transferee”: Any person other than (i) the United States, any State or political subdivision thereof, or any agency or instrumentality of any of the foregoing, (ii) a foreign government, International Organization or any agency or instrumentality of either of the foregoing, (iii) an organization (except certain farmers’ cooperatives described in section 521 of the Code) that is exempt from tax imposed by Chapter 1 of the Code (including the tax imposed by section 511 of the Code on unrelated business taxable income) on any excess inclusions (as defined in section 860E(c)(1) of the Code) with respect to any Class A-R Certificate, (iv) rural electric and telephone cooperatives described in section 1381(a)(2)(C) of the Code, (v) an “electing large partnership” as defined in section 775 of the Code, (vi) a Person that is not a citizen or resident of the United States, a corporation, partnership, or other entity (treated as a corporation or a partnership for federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia, or an estate whose income from sources without the United States is includible in gross income for United States federal income tax purposes regardless of its connection with the conduct of a trade or business within the United States, or a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have authority to control all substantial decisions of the trustor unless such Person has furnished the transferor and the Trustee with a duly completed Internal Revenue Service Form W-8ECI, and (vii) any other Person so designated by the Trustee based upon an Opinion of Counsel that the Transfer of an Ownership Interest in a Class A-R Certificate to such Person may cause any REMIC formed under the Agreement to fail to qualify as a REMIC at any time that any Certificates are Outstanding. The terms “United States,” “State” and “International Organization” shall have the meanings set forth in section 7701 of the Code or successor provisions. A corporation will not be treated as an instrumentality of the United States or of any State or political subdivision thereof for these purposes if all of its activities are subject to tax and, with the exception of the Federal Home Loan Mortgage Corporation, a majority of its board of directors is not selected by such government unit.

“Person”: Any individual, corporation, limited liability company, partnership, joint venture, bank, joint stock company, trust (including any beneficiary thereof), unincorporated organization or government or any agency or political subdivision thereof.

“Transfer”: Any direct or indirect transfer or sale of any Ownership Interest in a Certificate, including the acquisition of a Certificate by the Depositor.

“Transferee”: Any Person who is acquiring by Transfer any Ownership Interest in a Certificate.

Section 5.02(c) of the Agreement

(c) Each Person who has or who acquires any Ownership Interest in a Class A-R Certificate shall be deemed by the acceptance or acquisition of such Ownership Interest to have agreed to be bound by the following provisions, and the rights of each Person acquiring any Ownership Interest in a Class A-R Certificate are expressly subject to the following provisions:

(1) Each Person holding or acquiring any Ownership Interest in a Class A-R Certificate shall be a Permitted Transferee and shall promptly notify the Trustee of any change or impending change in its status as a Permitted Transferee.

(2) Except in connection with (i) the registration of the Tax Matters Person Certificate in the name of the Trustee or (ii) any registration in the name of, or transfer of a Class A-R Certificate to, an affiliate of the Depositor (either directly or through a nominee) in connection with the initial issuance of the Certificates, no Ownership Interest in a Class A-R Certificate may be registered on the Closing Date or thereafter transferred, and the Trustee shall not register the Transfer of any Class A-R Certificate unless, the Trustee shall have been furnished with an affidavit (a "Transfer Affidavit") of the initial owner or the proposed transferee in the form attached hereto as Exhibit I.

(3) Each Person holding or acquiring any Ownership Interest in a Class A-R Certificate shall agree (A) to obtain a Transfer Affidavit from any other Person to whom such Person attempts to Transfer its Ownership Interest in a Class A-R Certificate, (B) to obtain a Transfer Affidavit from any Person for whom such Person is acting as nominee, trustee or agent in connection with any Transfer of a Class A-R Certificate and (C) not to Transfer its Ownership Interest in a Class A-R Certificate, or to cause the Transfer of an Ownership Interest in a Class A-R Certificate to any other Person, if it has actual knowledge that such Person is not a Permitted Transferee.

(4) Any attempted or purported Transfer of any Ownership Interest in a Class A-R Certificate in violation of the provisions of this Section 5.02(c) shall be absolutely null and void and shall vest no rights in the purported Transferee. If any purported transferee shall become a Holder of a Class A-R Certificate in violation of the provisions of this Section 5.02(c), then the last preceding Permitted Transferee shall be restored to all rights as Holder thereof retroactive to the date of registration of Transfer of such Class A-R Certificate. The Trustee shall be under no liability to any Person for any registration of Transfer of a Class A-R Certificate that is in fact not permitted by Section 5.02(b) and this Section 5.02(c) or for making any payments due on such Certificate to the Holder thereof or taking any other action with respect to such Holder under the provisions of this Agreement so long as the Transfer was registered after receipt of the related Transfer Affidavit and Transferor Certificate. The Trustee shall be entitled but not obligated to recover from any Holder of a Class A-R Certificate that was in fact not a Permitted

Transferee at the time it became a Holder or, at such subsequent time as it became other than a Permitted Transferee, all payments made on such Class A-R Certificate at and after either such time. Any such payments so recovered by the Trustee shall be paid and delivered by the Trustee to the last preceding Permitted Transferee of such Certificate.

(5) The Depositor shall use its best efforts to make available, upon receipt of written request from the Trustee, all information necessary to compute any tax imposed under section 860E(e) of the Code as a result of a Transfer of an Ownership Interest in a Class A-R Certificate to any Holder who is not a Permitted Transferee.

The restrictions on Transfers of a Class A-R Certificate set forth in this section 5.02(c) shall cease to apply (and the applicable portions of the legend on a Class A-R Certificate may be deleted) with respect to Transfers occurring after delivery to the Trustee of an Opinion of Counsel, which Opinion of Counsel shall not be an expense of the Trustee, the Sellers or the Master Servicer, to the effect that the elimination of such restrictions will not cause any constituent REMIC of any REMIC formed hereunder to fail to qualify as a REMIC at any time that the Certificates are outstanding or result in the imposition of any tax on the Trust Fund, a Certificateholder or another Person. Each Person holding or acquiring any ownership Interest in a Class A-R Certificate hereby consents to any amendment of this Agreement that, based on an Opinion of Counsel furnished to the Trustee, is reasonably necessary (a) to ensure that the record ownership of, or any beneficial interest in, a Class A-R Certificate is not transferred, directly or indirectly, to a Person that is not a Permitted Transferee and (b) to provide for a means to compel the Transfer of a Class A-R Certificate that is held by a Person that is not a Permitted Transferee to a Holder that is a Permitted Transferee.

EXHIBIT J-1

[FORM OF] TRANSFEROR CERTIFICATE
(RESIDUAL)

Date

CWALT, Inc.
4500 Park Granada
Calabasas, California 91302
Attention: Josh Adler

The Bank of New York
101 Barclay Street - 8W
New York, New York 10286

Attention: Mortgage-Backed Securities Group
Series 200 -
Re: CWALT, Inc. Mortgage Pass-Through Certificates,
Series 200 - , Class _____

Ladies and Gentlemen:

In connection with our disposition of the above Certificates we certify that to the extent we are disposing of a Class A-R Certificate, we have no knowledge the Transferee is not a Permitted Transferee.

Very truly yours,

Print Name of Transferor

By: _____
Authorized Officer

EXHIBIT J-2

[FORM OF] TRANSFEROR CERTIFICATE
(PRIVATE)

Date

CWALT, Inc.
4500 Park Granada
Calabasas, California 91302
Attention: Josh Adler

The Bank of New York
101 Barclay Street - 8W
New York, New York 10286

Attention: Mortgage-Backed Securities Group
Series 200 -
Re: CWALT, Inc. Mortgage Pass-Through Certificates,
Series 200 - , Class _____

Ladies and Gentlemen:

In connection with our disposition of the above Certificates we certify that (a) we understand that the Certificates have not been registered under the Securities Act of 1933, as amended (the "Act"), and are being disposed by us in a transaction that is exempt from the registration requirements of the Act, (b) we have not offered or sold any Certificates to, or solicited offers to buy any Certificates from, any person, or otherwise approached or negotiated with any person with respect thereto, in a manner that would be deemed, or taken any other action which would result in, a violation of Section 5 of the Act.

Very truly yours,

Print Name of Transferor

By: _____
Authorized Officer

EXHIBIT K

[FORM OF] INVESTMENT LETTER (NON-RULE 144A)

Date _____

CWALT, Inc.
4500 Park Granada
Calabasas, California 91302
Attention: Josh Adler

The Bank of New York
101 Barclay Street - 8W
New York, New York 10286

Attention: Mortgage-Backed Securities Group
Series 200 - _

Re: CWALT, Inc. Mortgage Pass-Through Certificates,
Series 200 - _ , Class _____

Ladies and Gentlemen:

In connection with our acquisition of the above Certificates we certify that (a) we understand that the Certificates are not being registered under the Securities Act of 1933, as amended (the "Act"), or any state securities laws and are being transferred to us in a transaction that is exempt from the registration requirements of the Act and any such laws, (b) we are an "accredited investor," as defined in Regulation D under the Act, and have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of investments in the Certificates, (c) we have had the opportunity to ask questions of and receive answers from the Depositor concerning the purchase of the Certificates and all matters relating thereto or any additional information deemed necessary to our decision to purchase the Certificates, (d) either (i) we are not an employee benefit plan that is subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or a plan or arrangement that is subject to Section 4975 of the Internal Revenue Code of 1986, as amended, nor are we acting on behalf of or investing the assets of any such benefit plan or arrangement to effect such acquisition or (ii) if the Certificates have been the subject of an ERISA-Qualifying Underwriting and we are an insurance company, we are purchasing such Certificates with funds contained in an "insurance company general account" (as such term is defined in Section V(e) of Prohibited Transaction Class Exemption 95-60 ("PTCE 95-60")) and the purchase and holding of such Certificates satisfy the requirements for exemptive relief under Sections I and III of PTCE 95-60,

(e) we are acquiring the Certificates for investment for our own account and not with a view to any distribution of such Certificates (but without prejudice to our right at all times to sell or otherwise dispose of the Certificates in accordance with clause (g) below), (f) we have not offered or sold any Certificates to, or solicited offers to buy any Certificates from, any person, or otherwise approached or negotiated with any person with respect thereto, or taken any other action which would result in a violation of Section 5 of the Act, and (g) we will not sell, transfer or otherwise dispose of any Certificates unless (1) such sale, transfer or other disposition is made pursuant to an effective registration statement under the Act or is exempt from such registration requirements, and if requested, we will at our expense provide an opinion of counsel satisfactory to the addressees of this Certificate that such sale, transfer or other disposition may be made pursuant to an exemption from the Act, (2) the purchaser or transferee of such Certificate has executed and delivered to you a certificate to substantially the same effect as this certificate, and (3) the purchaser or transferee has otherwise complied with any conditions for transfer set forth in the Pooling and Servicing Agreement.

Very truly yours,

Print Name of Transferee

By: _____
Authorized Officer

EXHIBIT L-1

[FORM OF] RULE 144A LETTER

Date

CWALT, Inc.
4500 Park Granada
Calabasas, California 91302
Attention: Josh Adler

The Bank of New York
101 Barclay Street - 8W
New York, New York 10286

Attention: Mortgage-Backed Securities Group
Series 200 - -

Re: CWALT, Inc. Mortgage Pass-Through Certificates,
Series 200 - - , Class

Ladies and Gentlemen:

In connection with our acquisition of the above Certificates we certify that (a) we understand that the Certificates are not being registered under the Securities Act of 1933, as amended (the "Act"), or any state securities laws and are being transferred to us in a transaction that is exempt from the registration requirements of the Act and any such laws, (b) we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of investments in the Certificates, (c) we have had the opportunity to ask questions of and receive answers from the Depositor concerning the purchase of the Certificates and all matters relating thereto or any additional information deemed necessary to our decision to purchase the Certificates, (d) either (i) we are not an employee benefit plan that is subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or a plan or arrangement that is subject to Section 4975 of the Internal Revenue Code of 1986, as amended, nor are we acting on behalf of or investing the assets of any such benefit plan or arrangement to effect such acquisition or (ii) if the Certificates have been the subject of an ERISA-Qualifying Underwriting and we are an insurance company, we are purchasing such Certificates with funds contained in an "insurance company general account" (as such term is defined in Section V(e) of Prohibited Transaction Class Exemption 95-60 ("PTCE 95-60")) and the purchase and holding of such Certificates satisfy the requirements for exemptive relief under Sections I and III of PTCE 95-60, (e) we have not, nor has anyone acting on our behalf offered, transferred, pledged, sold or

otherwise disposed of the Certificates, any interest in the Certificates or any other similar security to, or solicited any offer to buy or accept a transfer, pledge or other disposition of the Certificates, any interest in the Certificates or any other similar security from, or otherwise approached or negotiated with respect to the Certificates, any interest in the Certificates or any other similar security with, any person in any manner, or made any general solicitation by means of general advertising or in any other manner, or taken any other action, that would constitute a distribution of the Certificates under the Securities Act or that would render the disposition of the Certificates a violation of Section 5 of the Securities Act or require registration pursuant thereto, nor will act, nor has authorized or will authorize any person to act, in such manner with respect to the Certificates, (f) we are a "qualified institutional buyer" as that term is defined in Rule 144A under the Securities Act and have completed either of the forms of certification to that effect attached hereto as Annex 1 or Annex 2. We are aware that the sale to us is being made in reliance on Rule 144A. We are acquiring the Certificates for our own account or for resale pursuant to Rule 144A and further, understand that such Certificates may be resold, pledged or transferred only (i) to a person reasonably believed to be 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 (ii) pursuant to another exemption from registration under the Securities Act.

Very truly yours,

Print Name of Transferee

By: _____
Authorized Officer

ANNEX 1 TO EXHIBIT L-1

QUALIFIED INSTITUTIONAL BUYER STATUS UNDER SEC RULE 144A

[For Transferees Other Than Registered Investment Companies]

The undersigned (the "Buyer") hereby certifies as follows to the parties listed in the Rule 144A Transferee Certificate to which this certification relates with respect to the Certificates described therein:

1. As indicated below, the undersigned is the President, Chief Financial Officer, Senior Vice President or other executive officer of the Buyer.

2. In connection with purchases by the Buyer, the Buyer is a "qualified institutional buyer" as that term is defined in Rule 144A under the Securities Act of 1933, as amended ("Rule 144A") because (i) the Buyer owned and/or invested on a discretionary basis either at least \$100,000 in securities or, if Buyer is a dealer, Buyer must own and/or invest on a discretionary basis at least \$10,000,000 in securities (except for the excluded securities referred to below) as of the end of the Buyer's most recent fiscal year (such amount being calculated in accordance with Rule 144A and (ii) the Buyer satisfies the criteria in the category marked below.

— Corporation, etc. The Buyer is a corporation (other than a bank, savings and loan association or similar institution), Massachusetts or similar business trust, partnership, or charitable organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

— Bank. The Buyer (a) is a national bank or banking institution organized under the laws of any State, territory or the District of Columbia, the business of which is substantially confined to banking and is supervised by the State or territorial banking commission or similar official or is a foreign bank or equivalent institution, and (b) has an audited net worth of at least \$25,000,000 as demonstrated in its latest annual financial statements, a copy of which is attached hereto.

— Savings and Loan. The Buyer (a) is a savings and loan association, building and loan association, cooperative bank, homestead association or similar institution, which is supervised and examined by a State or Federal authority having supervision over any such institutions or is a foreign savings and loan association or equivalent institution and (b) has an audited net worth of at least \$25,000,000 as demonstrated in its latest annual financial statements, a copy of which is attached hereto.

— Broker-dealer. The Buyer is a dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934.

— Insurance Company. The Buyer is an insurance company whose primary and predominant business activity is the writing of insurance or the reinsuring of risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a State, territory or the District of Columbia.

— State or Local Plan. The Buyer is a plan established and maintained by a State, its political subdivisions, or any agency or instrumentality of the State or its political subdivisions, for the benefit of its employees.

— ERISA Plan. The Buyer is an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974.

— Investment Advisor. The Buyer is an investment advisor registered under the Investment Advisors Act of 1940.

— Small Business Investment Company. Buyer is a small business investment company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.

— Business Development Company. Buyer is a business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940.

3. The term “securities” as used herein does not include (i) securities of issuers that are affiliated with the Buyer, (ii) securities that are part of an unsold allotment to or subscription by the Buyer, if the Buyer is a dealer, (iii) securities issued or guaranteed by the U.S. or any instrumentality thereof, (iv) bank deposit notes and certificates of deposit, (v) loan participations, (vi) repurchase agreements, (vii) securities owned but subject to a repurchase agreement and (viii) currency, interest rate and commodity swaps.

4. For purposes of determining the aggregate amount of securities owned and/or invested on a discretionary basis by the Buyer, the Buyer used the cost of such securities to the Buyer and did not include any of the securities referred to in the preceding paragraph, except (i) where the Buyer reports its securities holdings in its financial statements on the basis of their market value, and (ii) no current information with respect to the cost of those securities has been published. If clause (ii) in the preceding sentence applies, the securities may be valued at market. Further, in determining such aggregate amount, the Buyer may have included securities owned by subsidiaries of the Buyer, but only if such subsidiaries are consolidated with the Buyer in its financial statements prepared in accordance with generally accepted accounting principles and if the investments of such subsidiaries are managed under the Buyer’s direction. However, such securities were not included if the Buyer is a majority-owned,

consolidated subsidiary of another enterprise and the Buyer is not itself a reporting company under the Securities Exchange Act of 1934, as amended.

5. The Buyer acknowledges that it is familiar with Rule 144A and understands that the seller to it and other parties related to the Certificates are relying and will continue to rely on the statements made herein because one or more sales to the Buyer may be in reliance on Rule 144A.

6. Until the date of purchase of the Rule 144A Securities, the Buyer will notify each of the parties to which this certification is made of any changes in the information and conclusions herein. Until such notice is given, the Buyer's purchase of the Certificates will constitute a reaffirmation of this certification as of the date of such purchase. In addition, if the Buyer is a bank or savings and loan is provided above, the Buyer agrees that it will furnish to such parties updated annual financial statements promptly after they become available.

Print Name of Buyer

By: _____

Name: _____

Title: _____

Date: _____

QUALIFIED INSTITUTIONAL BUYER STATUS UNDER SEC RULE 144A

[For Transferees That are Registered Investment Companies]

The undersigned (the "Buyer") hereby certifies as follows to the parties listed in the Rule 144A Transferee Certificate to which this certification relates with respect to the Certificates described therein:

1. As indicated below, the undersigned is the President, Chief Financial Officer or Senior Vice President of the Buyer or, if the Buyer is a "qualified institutional buyer" as that term is defined in Rule 144A under the Securities Act of 1933, as amended ("Rule 144A") because Buyer is part of a Family of Investment Companies (as defined below), is such an officer of the Adviser.

2. In connection with purchases by Buyer, the Buyer is a "qualified institutional buyer" as defined in SEC Rule 144A because (i) the Buyer is an investment company registered under the Investment Company Act of 1940, as amended and (ii) as marked below, the Buyer alone, or the Buyer's Family of Investment Companies, owned at least \$100,000,000 in securities (other than the excluded securities referred to below) as of the end of the Buyer's most recent fiscal year. For purposes of determining the amount of securities owned by the Buyer or the Buyer's Family of Investment Companies, the cost of such securities was used, except (i) where the Buyer or the Buyer's Family of Investment Companies reports its securities holdings in its financial statements on the basis of their market value, and (ii) no current information with respect to the cost of those securities has been published. If clause (ii) in the preceding sentence applies, the securities may be valued at market.

— The Buyer owned \$_____ in securities (other than the excluded securities referred to below) as of the end of the Buyer's most recent fiscal year (such amount being calculated in accordance with Rule 144A).

— The Buyer is part of a Family of Investment Companies which owned in the aggregate \$_____ in securities (other than the excluded securities referred to below) as of the end of the Buyer's most recent fiscal year (such amount being calculated in accordance with Rule 144A).

3. The term "Family of Investment Companies" as used herein means two or more registered investment companies (or series thereof) that have the same investment adviser or investment advisers that are affiliated (by virtue of being majority owned subsidiaries of the same parent or because one investment adviser is a majority owned subsidiary of the other).

4. The term "securities" as used herein does not include (i) securities of issuers that are affiliated with the Buyer or are part of the Buyer's Family of Investment Companies, (ii) securities issued or guaranteed by the U.S. or any instrumentality thereof, (iii) bank deposit notes and certificates of deposit, (iv) loan participations, (v) repurchase agreements, (vi) securities owned but subject to a repurchase agreement and (vii) currency, interest rate and commodity swaps.

5. The Buyer is familiar with Rule 144A and understands that the parties listed in the Rule 144A Transferee Certificate to which this certification relates are relying and will continue to rely on the statements made herein because one or more sales to the Buyer will be in reliance on Rule 144A. In addition, the Buyer will only purchase for the Buyer's own account.

6. Until the date of purchase of the Certificates, the undersigned will notify the parties listed in the Rule 144A Transferee Certificate to which this certification relates of any changes in the information and conclusions herein. Until such notice is given, the Buyer's purchase of the Certificates will constitute a reaffirmation of this certification by the undersigned as of the date of such purchase.

Print Name of Buyer or Adviser

By: _____
Name: _____
Title: _____

IF AN ADVISER:

Print Name of Buyer

Date: _____

EXHIBIT L-2

[FORM OF] ERISA LETTER (COVERED CERTIFICATES)

Date

CWALT, Inc.
4500 Park Granada
Calabasas, California 91302
Attention: Josh Adler

The Bank of New York
101 Barclay Street - 8W
New York, New York 10286

Attention: Mortgage-Backed Securities Group
Series 200 -

Re: CWALT, Inc. Mortgage Pass-Through Certificates,
Series 200 - , Class _____

Ladies and Gentlemen:

In connection with our acquisition of the above Certificates, we certify that we are not, and are not acquiring the Certificates on behalf of or with plan assets of an "employee benefit plan" as defined in section 3(3) of ERISA that is subject to Title I of ERISA, a "plan" as defined in section 4975 of the Code that is subject to section 4975 of the Code, or any person investing on behalf of or with plan assets (as defined in 29 CFR §2510.3-101 or otherwise under ERISA) of such an employee benefit plan or plan, or (ii) the purchase and holding of the Certificates satisfy the requirements for exemptive relief under PTCE 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60, PTCE 96-23 or a similar exemption. We understand that, in the event that such representation is violated, such transfer or acquisition shall be void and of no effect.

Very truly yours,

Print Name of Transferee

By: _____
Authorized Officer

EXHIBIT M

[FORM OF] REQUEST FOR RELEASE
(for Trustee)

CWALT, Inc.
Mortgage Pass-Through Certificates
Series 200 __ -

Loan Information

Name of Mortgagor: _____

Servicer Loan No.: _____

Trustee

Name: _____

Address: _____

Trustee

Mortgage File No.: _____

The undersigned Master Servicer hereby acknowledges that it has received from The Bank of New York, as Trustee for the Holders of Mortgage Pass-Through Certificates, of the above-referenced Series, the documents referred to below (the "Documents"). All capitalized terms not otherwise defined in this Request for Release shall have the meanings given them in the Pooling and Servicing Agreement (the "Pooling and Servicing Agreement") relating to the above-referenced Series among the Trustee, Countrywide Home Loans, Inc., as a Seller, Park Granada LLC, as a Seller, Park Monaco, Inc., as a Seller, Park Sienna LLC, as a Seller, Countrywide Home Loans Servicing LP, as Master Servicer and CWALT, Inc., as Depositor.

- () Mortgage Note dated _____, 20__, in the original principal sum of \$_____, made by _____, payable to, or endorsed to the order of, the Trustee.
- () Mortgage recorded on _____ as instrument no. _____ in the County Recorder's Office of the County of _____, State of _____ in book/reel/docket _____ of official records at page/image _____.

- () Deed of Trust recorded on _____ as instrument no. _____ in the County Recorder's Office of the County of _____, State of _____ in book/reel/docket _____ of official records at page/image _____.
- () Assignment of Mortgage or Deed of Trust to the Trustee, recorded on _____ as instrument no. _____ in the County Recorder's Office of the County of _____, State of _____ in book/reel/docket _____ of official records at page/image _____.
- () Other documents, including any amendments, assignments or other assumptions of the Mortgage Note or Mortgage.
- () _____
- () _____
- () _____
- () _____

The undersigned Master Servicer hereby acknowledges and agrees as follows:

(1) The Master Servicer shall hold and retain possession of the Documents in trust for the benefit of the Trustee, solely for the purposes provided in the Agreement.

(2) The Master Servicer shall not cause or knowingly permit the Documents to become subject to, or encumbered by, any claim, liens, security interest, charges, writs of attachment or other impositions nor shall the Servicer assert or seek to assert any claims or rights of setoff to or against the Documents or any proceeds thereof.

(3) The Master Servicer shall return each and every Document previously requested from the Mortgage File to the Trustee when the need therefor no longer exists, unless the Mortgage Loan relating to the Documents has been liquidated and the proceeds thereof have been remitted to the Certificate Account and except as expressly provided in the Agreement.

(4) The Documents and any proceeds thereof, including any proceeds of proceeds, coming into the possession or control of the Master Servicer shall at all times be earmarked for the account of the Trustee, and the Master Servicer shall keep the Documents and any proceeds separate and distinct from all other property in the Master Servicer's possession, custody or control.

COUNTRYWIDE HOME LOANS
SERVICING LP

By _____

Its _____

Date: _____,

20__

EXHIBIT N

[FORM OF] REQUEST FOR RELEASE OF DOCUMENTS

To: The Bank of New York

Attn: Mortgage Custody
Services

Re: The Pooling & Servicing Agreement dated [month] 1, 200_, among Countrywide Home Loans, Inc., as a Seller, Park Granada LLC, as a Seller, Park Monaco, Inc., as a Seller, Park Sienna LLC, as a Seller, Countrywide Home Loans Servicing LP, as Master Servicer, CWALT, Inc. and The Bank of New York, as Trustee

Ladies and Gentlemen:

In connection with the administration of the Mortgage Loans held by you as Trustee for CWALT, Inc., we request the release of the Mortgage Loan File for the Mortgage Loan(s) described below, for the reason indicated.

FT Account #:

Pool #:

Mortgagor's Name, Address and Zip Code:

Mortgage Loan Number:

Reason for Requesting Documents (check one)

1. Mortgage Loan paid in full (Countrywide Home Loans, Inc. hereby certifies that all amounts have been received).
2. Mortgage Loan Liquidated (Countrywide Home Loans, Inc. hereby certifies that all proceeds of foreclosure, insurance, or other liquidation have been finally received).
3. Mortgage Loan in Foreclosure.
4. Mortgage Loan repurchased by the Master Servicer pursuant to Section 3.11(a) (Countrywide Home Loans Servicing LP hereby certifies that the Purchase Price for the Mortgage Loan has been deposited in the Certificate Account).
5. Other (explain):

If item 1 or 2 above is checked, and if all or part of the Mortgage File was previously released to us, please release to us our previous receipt on file with you, as well as any additional documents in your possession relating to the above-specified Mortgage Loan. If item 3, 4 or 5 is checked, upon return of all of the above documents to you as Trustee, please acknowledge your receipt by signing in the space indicated below, and returning this form.

COUNTRYWIDE HOME LOANS, INC.
4500 Park Granada
Calabasas, California 91302

By: _____
Name: _____
Title: _____
Date: _____

[COUNTRYWIDE HOME LOANS SERVICING LP]

By: _____
Name: _____
Title: _____
Date: _____

TRUSTEE CONSENT TO RELEASE AND
ACKNOWLEDGEMENT OF RECEIPT

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT O

GLOSSARY OF TERMS FOR STANDARD & POOR'S LEVELS® VERSION 5.7 FILE FORMAT

APPENDIX E – Standard & Poor's Predatory Lending Categories

Standard & Poor's has categorized loans governed by anti-predatory lending laws in the Jurisdictions listed below into three categories based upon a combination of factors that include (a) the risk exposure associated with the assignee liability and (b) the tests and thresholds set forth in those laws. Note that certain loans classified by the relevant statute as Covered are included in Standard & Poor's High Cost Loan Category because they included thresholds and tests that are typical of what is generally considered High Cost by the industry.

Standard & Poor's High Cost Loan Categorization

<u>State/Jurisdiction</u>	<u>Name of Anti-Predatory Lending Law/Effective Date</u>	<u>Category under Applicable Anti-Predatory Lending Law</u>
Arkansas	Arkansas Home Loan Protection Act, Ark. Code Ann. §§ 23-53-101 <u>et seq.</u> Effective July 16, 2003	High Cost Home Loan
Cleveland Heights, OH	Ordinance No. 72-2003 (PSH), Mun. Code §§ 757.01 <u>et seq.</u> Effective June 2, 2003	Covered Loan
Colorado	Consumer Equity Protection, Colo. Stat. Ann. §§ 5-3.5-101 <u>et seq.</u> Effective for covered loans offered or entered into on or after January 1, 2003. Other provisions of the Act took effect on June 7, 2002	Covered Loan
Connecticut	Connecticut Abusive Home Loan Lending Practices Act, Conn. Gen. Stat. §§ 36a-746 <u>et seq.</u> Effective October 1, 2001	High Cost Home Loan
District of Columbia	Home Loan Protection Act, D.C. Code §§ 26-1151.01 <u>et seq.</u> Effective for loans closed on or after January 28, 2003	Covered Loan

Standard & Poor's High Cost Loan Categorization

<u>State/Jurisdiction</u>	<u>Name of Anti-Predatory Lending Law/Effective Date</u>	<u>Category under Applicable Anti-Predatory Lending Law</u>
Florida	Fair Lending Act, Fla. Stat. Ann. §§ 494.0078 <u>et seq.</u> Effective October 2, 2002	High Cost Home Loan
Georgia (Oct. 1, 2002 – Mar. 6, 2003)	Georgia Fair Lending Act, Ga. Code Ann. §§ 7-6A-1 <u>et seq.</u> Effective October 1, 2002 – March 6, 2003	High Cost Home Loan
Georgia as amended (Mar. 7, 2003 – current)	Georgia Fair Lending Act, Ga. Code Ann. §§ 7-6A-1 <u>et seq.</u> Effective for loans closed on or after March 7, 2003	High Cost Home Loan
HOEPA Section 32	Home Ownership and Equity Protection Act of 1994, 15 U.S.C. § 1639, 12 C.F.R. §§ 226.32 and 226.34 Effective October 1, 1995, amendments October 1, 2002	High Cost Loan
Illinois	High Risk Home Loan Act, Ill. Comp. Stat. tit. 815, §§ 137/5 <u>et seq.</u> Effective January 1, 2004 (prior to this date, regulations under Residential Mortgage License Act effective from May 14, 2001)	High Risk Home Loan
Kansas	Consumer Credit Code, Kan. Stat. Ann. §§ 16a-1-101 <u>et seq.</u> Sections 16a-1-301 and 16a-3-207 became effective April 14, 1999; Section 16a-3-308a became effective July 1, 1999	High Loan to Value Consumer Loan (<u>id.</u> § 16a-3-207) and;
		High APR Consumer Loan (<u>id.</u> § 16a-3-308a)
Kentucky	2003 KY H.B. 287 – High Cost Home Loan Act, Ky. Rev. Stat. §§ 360.100 <u>et seq.</u> Effective June 24, 2003	High Cost Home Loan

Standard & Poor's High Cost Loan Categorization

<u>State/Jurisdiction</u>	<u>Name of Anti-Predatory Lending Law/Effective Date</u>	<u>Category under Applicable Anti-Predatory Lending Law</u>
Maine	Truth in Lending, Me. Rev. Stat. tit. 9-A, §§ 8-101 <u>et seq.</u> Effective September 29, 1995 and as amended from time to time	High Rate High Fee Mortgage
Massachusetts	Part 40 and Part 32, 209 C.M.R. §§ 32.00 <u>et seq.</u> and 209 C.M.R. §§ 40.01 <u>et seq.</u> Effective March 22, 2001 and amended from time to time	High Cost Home Loan
Nevada	Assembly Bill No. 284, Nev. Rev. Stat. §§ 598D.010 <u>et seq.</u> Effective October 1, 2003	Home Loan
New Jersey	New Jersey Home Ownership Security Act of 2002, N.J. Rev. Stat. §§ 46:10B-22 <u>et seq.</u> Effective for loans closed on or after November 27, 2003	High Cost Home Loan
New Mexico	Home Loan Protection Act, N.M. Rev. Stat. §§ 58-21A-1 <u>et seq.</u> Effective as of January 1, 2004; Revised as of February 26, 2004	High Cost Home Loan
New York	N.Y. Banking Law Article 6-1 Effective for applications made on or after April 1, 2003	High Cost Home Loan
North Carolina	Restrictions and Limitations on High Cost Home Loans, N.C. Gen. Stat. §§ 24-1.1E <u>et seq.</u> Effective July 1, 2000; amended October 1, 2003 (adding open-end lines of credit)	High Cost Home Loan
Ohio	H.B. 386 (codified in various sections of the Ohio Code), Ohio Rev. Code Ann.	Covered Loan

Standard & Poor's High Cost Loan Categorization

<u>State/Jurisdiction</u>	<u>Name of Anti-Predatory Lending Law/Effective Date</u>	<u>Category under Applicable Anti-Predatory Lending Law</u>
	§§ 1349.25 <u>et seq.</u> Effective May 24, 2002	
Oklahoma	Consumer Credit Code (codified in various sections of Title 14A) Effective July 1, 2000; amended effective January 1, 2004	Subsection 10 Mortgage
South Carolina	South Carolina High Cost and Consumer Home Loans Act, S.C. Code Ann. §§ 37-23-10 <u>et seq.</u> Effective for loans taken on or after January 1, 2004	High Cost Home Loan
West Virginia	West Virginia Residential Mortgage Lender, Broker and Servicer Act, W. Va. Code Ann. §§ 31-17-1 <u>et seq.</u> Effective June 5, 2002	West Virginia Mortgage Loan Act Loan

Standard & Poor's Covered Loan Categorization

<u>State/Jurisdiction</u>	<u>Name of Anti-Predatory Lending Law/Effective Date</u>	<u>Category under Applicable Anti-Predatory Lending Law</u>
Georgia (Oct. 1, 2002 – Mar. 6, 2003)	Georgia Fair Lending Act, Ga. Code Ann. §§ 7-6A-1 <u>et seq.</u> Effective October 1, 2002 – March 6, 2003	Covered Loan
New Jersey	New Jersey Home Ownership Security Act of 2002, N.J. Rev. Stat. §§ 46:10B-22 <u>et seq.</u> Effective November 27, 2003 – July 5, 2004	Covered Home Loan

Standard & Poor's Home Loan Categorization

<u>State/Jurisdiction</u>	<u>Name of Anti-Predatory Lending Law/Effective Date</u>	<u>Category under Applicable Anti-Predatory Lending Law</u>
Georgia (Oct. 1, 2002 – Mar. 6, 2003)	Georgia Fair Lending Act, Ga. Code Ann. §§ 7-6A-1 <u>et seq.</u> Effective October 1, 2002 – March 6, 2003	Home Loan
New Jersey	New Jersey Home Ownership Security Act of 2002, N.J. Rev. Stat. §§ 46:10B-22 <u>et seq.</u> Effective for loans closed on or after November 27, 2003	Home Loan
New Mexico	Home Loan Protection Act, N.M. Rev. Stat. §§ 58-21A-1 <u>et seq.</u> Effective as of January 1, 2004; Revised as of February 26, 2004	Home Loan
North Carolina	Restrictions and Limitations on High Cost Home Loans, N.C. Gen. Stat. §§ 24-1.1E <u>et seq.</u> Effective July 1, 2000; amended October 1, 2003 (adding open-end lines of credit)	Consumer Home Loan
South Carolina	South Carolina High Cost and Consumer Home Loans Act, S.C. Code Ann. §§ 37-23-10 <u>et seq.</u> Effective for loans taken on or after January 1, 2004	Consumer Home Loan

EXHIBIT P

[FORM OF] SUPPLEMENTAL TRANSFER AGREEMENT

THIS SUPPLEMENTAL TRANSFER AGREEMENT, dated as of _____, 200_ (this "Supplemental Transfer Agreement"), among CWALT, INC., a Delaware corporation, as depositor (the "Depositor"), COUNTRYWIDE HOME LOANS, INC. ("CHL"), a New York corporation, as a seller (a "Seller"), PARK GRANADA LLC ("Park Granada"), a Delaware limited liability company, as a seller (a "Seller"), PARK MONACO INC. ("Park Monaco"), a Delaware limited liability corporation, as a seller (a "Seller"), PARK SIENNA LLC ("Park Sienna"), a Delaware limited liability company, as a seller (a "Seller" and together with CHL, Park Granada and Park Monaco, the "Sellers") under the Pooling and Servicing Agreement referred to below, and THE BANK OF NEW YORK, a New York banking corporation, as trustee (the "Trustee");

WHEREAS, the Depositor, the Sellers, the Trustee and Countrywide Home Loans Servicing LP, as Master Servicer, have entered in the Pooling and Servicing Agreement, dated as of [month] 1, 200[•] (the "Pooling and Servicing Agreement"), in relation to the CHL Mortgage Pass-Through Trust 200_-, Mortgage Pass-Through Certificates, Series 200_-;

WHEREAS, Section 2.01(e) of the Pooling and Servicing Agreement provides for the parties hereto to enter into this Supplemental Transfer Agreement in accordance with the terms and conditions of the Pooling and Servicing Agreement;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged the parties hereto agree as follows:

(a) The "Supplemental Transfer Date" with respect to this Supplemental Transfer Agreement shall be _____, 200_.

(b) The "Aggregate Supplemental Purchase Amount" with respect to this Supplemental Transfer Agreement shall be \$_____; provided, however, that such amount shall not exceed the amount on deposit in the Supplemental Loan Account.

(c) The "Capitalized Interest Requirement" with respect to this Supplemental Transfer Agreement shall be \$_____; provided, however, that such amount shall not exceed the amount on deposit in the Capitalized Interest Account.

(d) [Reserved]

(e) In case any provision of this Supplemental Transfer Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions or obligations shall not in any way be affected or impaired thereby.

(f) In the event of any conflict between the provisions of this Supplemental Transfer Agreement and the Pooling and Servicing Agreement, the provisions of the Pooling and Servicing Agreement shall prevail.

(g) This Supplemental Transfer Agreement shall be governed by, and shall be construed and enforced in accordance with the laws of the State of New York.

(h) The Supplemental Transfer Agreement may be executed in one or more counterparts, each of which so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties to this Supplemental Transfer Agreement have caused their names to be signed hereto by their respective officers thereunto duly authorized as of the day and year first above written.

CWALT, INC.,
as Depositor

By: _____
Name:
Title:

COUNTRYWIDE HOME LOANS, INC.,
as Seller

By: _____
Name:
Title:

PARK GRANADA LLC,
as a Seller

By: _____
Name:
Title:

PARK MONACO, INC.,
as a Seller

By: _____
Name:
Title:

PARK SIENNA LLC,
as a Seller

By: _____
Name:
Title:

THE BANK OF NEW YORK,
not in its individual capacity,
but solely as Trustee

By: _____
Name:
Title:

Acknowledged and Agreed:

COUNTRYWIDE HOME LOANS SERVICING LP,
as Master Servicer

By: COUNTRYWIDE GP, INC.

By: _____
Name:
Title:

EXHIBIT Q
MONTHLY REPORT
[On file with Trustee]

EXHIBIT R-1

FORM OF PERFORMANCE CERTIFICATION
(Subservicer)

Re: The Pooling and Servicing Agreement dated as of [] (the "Pooling and Servicing Agreement") among CWALT, Inc., as Depositor, Countrywide Home Loans, Inc., as a Seller, Park Monaco Inc., as a Seller, Park Sienna LLC, as a Seller, Countrywide Home Loans Servicing LP, as Master Servicer, the undersigned, as Trustee and [Subservicing Agreement] dated as of [] (the "Agreement")

I, _____, the _____ of [NAME OF COMPANY] (the "Company"), certify to the Depositor and the Master Servicer, and their officers, with the knowledge and intent that they will rely upon this certification, that:

(1) I have reviewed the servicer compliance statement of the Company provided in accordance with Item 1123 of Regulation AB (the "Compliance Statement"), the report on assessment of the Company's compliance with the servicing criteria set forth in Item 1122(d) of Regulation AB (the "Servicing Criteria"), provided in accordance with Rules 13a-18 and 15d-18 under Securities Exchange Act of 1934, as amended (the "Exchange Act") and Item 1122 of Regulation AB (the "Servicing Assessment"), the registered public accounting firm's attestation report provided in accordance with Rules 13a-18 and 15d-18 under the Exchange Act and Section 1122(b) of Regulation AB (the "Attestation Report"), all servicing reports, officer's certificates and other information relating to the servicing of the Mortgage Loans by the Company during 200[] that were delivered by the Company to the Depositor, the Master Servicer or the Trustee pursuant to the Agreement (collectively, the "Company Servicing Information");

(2) Based on my knowledge, the Company Servicing Information, taken as a whole, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in the light of the circumstances under which such statements were made, not misleading with respect to the period of time covered by the Company Servicing Information;

(3) Based on my knowledge, all of the Company Servicing Information required to be provided by the Company under the Agreement has been provided to the Depositor, the Master Servicer or the Trustee, as applicable;

(4) I am responsible for reviewing the activities performed by the Company as a servicer under the Agreement, and based on my knowledge and the compliance review conducted in preparing the Compliance Statement and except as disclosed in the Compliance Statement, the Servicing Assessment or the Attestation Report, the Company has fulfilled its obligations under the Agreement in all material respects; and

(5) The Compliance Statement required to be delivered by the Company pursuant to the Agreement, and the Servicing Assessment and Attestation Report required to be provided by the Company and by any Subservicer or Subcontractor pursuant to the Agreement, have been provided to the Master Servicer. Any material instances of noncompliance described in such reports have been disclosed to the Master Servicer. Any material instance of noncompliance with the Servicing Criteria has been disclosed in such reports.

Date: _____

By: _____

Name:

Title:

EXHIBIT R-2

FORM OF PERFORMANCE CERTIFICATION
(Trustee)

Re: The Pooling and Servicing Agreement dated as of [], (the "Pooling and Servicing Agreement") among CWALT, Inc., as Depositor, Countrywide Home Loans, Inc., as a Seller, Park Monaco Inc., as a Seller, Park Sienna LLC, as a Seller, Countrywide Home Loans Servicing LP, as Master Servicer, the undersigned, as Trustee

I, _____, the _____ of [NAME OF COMPANY] (the "Company"), certify to the Depositor and the Master Servicer, and their officers, with the knowledge and intent that they will rely upon this certification, that:

(1) I have reviewed the report on assessment of the Company's compliance with the servicing criteria set forth in Item 1122(d) of Regulation AB (the "Servicing Criteria"), provided in accordance with Rules 13a-18 and 15d-18 under Securities Exchange Act of 1934, as amended (the "Exchange Act") and Item 1122 of Regulation AB (the "Servicing Assessment"), the registered public accounting firm's attestation report provided in accordance with Rules 13a-18 and 15d-18 under the Exchange Act and Section 1122(b) of Regulation AB (the "Attestation Report"), [all reports on Form 10-D containing statements to certificateholders filed in respect of the period included in the year covered by the annual report of the Trust Fund] (collectively, the "Distribution Date Statements");

(2) Assuming the accuracy and completeness of the information delivered to the Company by the Master Servicer as provided in the Pooling and Servicing Agreement and subject to paragraph (4) below, the distribution information determined by the Company and set forth in the Distribution Date Statements contained in all Form 10-D's included in the year covered by the annual report of such Trust on Form 10-K for the calendar year 200[], is complete and does not contain any material misstatement of fact as of the last day of the period covered by such annual report;

(3) Based solely on the information delivered to the Company by the Master Servicer as provided in the Pooling and Servicing Agreement, (i) the distribution information required under the Pooling and Servicing Agreement to be contained in the Trust Fund's Distribution Date Statements and (ii) the servicing information required to be provided by the Master Servicer to the trustee for inclusion in the Trust Fund's Distribution Date Statements, to the extent received by the Trustee from the Master Servicer in accordance with the Pooling and Servicing Agreement, is included in such Distribution Date Statements;

(4) The Company is not certifying as to the accuracy, completeness or correctness of the information which it received from the Master Servicer and did not

independently verify or confirm the accuracy, completeness or correctness of the information provided by the Master Servicer;

(5) I am responsible for reviewing the activities performed by the Company as a person "performing a servicing function" under the Pooling and Servicing Agreement, and based on my knowledge and the compliance review conducted in preparing the Servicing Assessment and except as disclosed in the Servicing Assessment or the Attestation Report, the Company has fulfilled its obligations under the Pooling and Servicing Agreement; and

(6) The Servicing Assessment and Attestation Report required to be provided by the Company and by Subcontractor pursuant to the Pooling and Servicing Agreement, have been provided to the Master Servicer and the Depositor. Any material instances of noncompliance described in such reports have been disclosed to the Master Servicer and the Depositor. Any material instance of noncompliance with the Servicing Criteria has been disclosed in such reports.

Date: _____

By: _____

Name:

Title:

EXHIBIT S

[FORM OF] SERVICING CRITERIA TO BE ADDRESSED IN ASSESSMENT OF COMPLIANCE STATEMENT

The assessment of compliance to be delivered by [the Master Servicer] [Trustee] [Name of Subservicer] shall address, at a minimum, the criteria identified as below as "Applicable Servicing Criteria":

Servicing Criteria		Applicable Servicing Criteria
Reference	Criteria	
	General Servicing Considerations	
1122(d)(1)(i)	Policies and procedures are instituted to monitor any performance or other triggers and events of default in accordance with the transaction agreements.	
1122(d)(1)(ii)	If any material servicing activities are outsourced to third parties, policies and procedures are instituted to monitor the third party's performance and compliance with such servicing activities.	
1122(d)(1)(iii)	Any requirements in the transaction agreements to maintain a back-up servicer for the mortgage loans are maintained.	
1122(d)(1)(iv)	A fidelity bond and errors and omissions policy is in effect on the party participating in the servicing function throughout the reporting period in the amount of coverage required by and otherwise in accordance with the terms of the transaction agreements.	
	Cash Collection and Administration	
1122(d)(2)(i)	Payments on mortgage loans are deposited into the appropriate custodial bank accounts and related bank clearing accounts no more than two business days following receipt, or such other number of days specified in the transaction agreements.	
1122(d)(2)(ii)	Disbursements made via wire transfer on behalf of an obligor or to an investor are made only by authorized personnel.	
1122(d)(2)(iii)	Advances of funds or guarantees regarding collections, cash flows or distributions, and any interest or other fees charged for such advances, are made, reviewed and approved as specified in the transaction agreements.	
1122(d)(2)(iv)	The related accounts for the transaction, such as cash reserve accounts or accounts established as a form of overcollateralization, are separately maintained (e.g., with respect to commingling of cash) as set forth in the transaction agreements.	
1122(d)(2)(v)	Each custodial account is maintained at a federally insured depository institution as set forth in the transaction agreements. For purposes of this criterion, "federally insured depository institution" with respect to a foreign financial institution means a foreign financial institution that meets the requirements of Rule 13k-1(b)(1) of the Securities Exchange Act.	
1122(d)(2)(vi)	Unissued checks are safeguarded so as to prevent unauthorized access.	

Servicing Criteria		Applicable Servicing Criteria
Reference	Criteria	
1122(d)(2)(vii)	Reconciliations are prepared on a monthly basis for all asset-backed securities related bank accounts, including custodial accounts and related bank clearing accounts. These reconciliations are (A) mathematically accurate; (B) prepared within 30 calendar days after the bank statement cutoff date, or such other number of days specified in the transaction agreements; (C) reviewed and approved by someone other than the person who prepared the reconciliation; and (D) contain explanations for reconciling items. These reconciling items are resolved within 90 calendar days of their original identification, or such other number of days specified in the transaction agreements.	
	Investor Remittances and Reporting	
1122(d)(3)(i)	Reports to investors, including those to be filed with the Commission, are maintained in accordance with the transaction agreements and applicable Commission requirements. Specifically, such reports (A) are prepared in accordance with timeframes and other terms set forth in the transaction agreements; (B) provide information calculated in accordance with the terms specified in the transaction agreements; (C) are filed with the Commission as required by its rules and regulations; and (D) agree with investors' or the trustee's records as to the total unpaid principal balance and number of mortgage loans serviced by the Servicer.	
1122(d)(3)(ii)	Amounts due to investors are allocated and remitted in accordance with timeframes, distribution priority and other terms set forth in the transaction agreements.	
1122(d)(3)(iii)	Disbursements made to an investor are posted within two business days to the Servicer's investor records, or such other number of days specified in the transaction agreements.	
1122(d)(3)(iv)	Amounts remitted to investors per the investor reports agree with cancelled checks, or other form of payment, or custodial bank statements.	
	Pool Asset Administration	
1122(d)(4)(i)	Collateral or security on mortgage loans is maintained as required by the transaction agreements or related mortgage loan documents.	
1122(d)(4)(ii)	Mortgage loan and related documents are safeguarded as required by the transaction agreements.	
1122(d)(4)(iii)	Any additions, removals or substitutions to the asset pool are made, reviewed and approved in accordance with any conditions or requirements in the transaction agreements.	
1122(d)(4)(iv)	Payments on mortgage loans, including any payoffs, made in accordance with the related mortgage loan documents are posted to the Servicer's obligor records maintained no more than two business days after receipt, or such other number of days specified in the transaction agreements, and allocated to principal, interest or other items (e.g., escrow) in accordance with the related mortgage loan documents.	
1122(d)(4)(v)	The Servicer's records regarding the mortgage loans agree with the Servicer's records with respect to an obligor's unpaid principal balance. Changes with respect to the terms or status of an obligor's mortgage loans (e.g., loan modifications or re-agings) are made, reviewed and approved by authorized personnel in accordance with the transaction agreements and related pool asset documents.	
1122(d)(4)(vi)		
1122(d)(4)(vii)	Loss mitigation or recovery actions (e.g., forbearance plans, modifications and deeds in lieu of foreclosure, foreclosures and repossessions, as applicable) are initiated, conducted and concluded in accordance with the timeframes or other requirements established by the transaction agreements.	

Servicing Criteria		Applicable Servicing Criteria
Reference	Criteria	
1122(d)(4)(viii)	Records documenting collection efforts are maintained during the period a mortgage loan is delinquent in accordance with the transaction agreements. Such records are maintained on at least a monthly basis, or such other period specified in the transaction agreements, and describe the entity's activities in monitoring delinquent mortgage loans including, for example, phone calls, letters and payment rescheduling plans in cases where delinquency is deemed temporary (e.g., illness or unemployment).	
1122(d)(4)(ix)	Adjustments to interest rates or rates of return for mortgage loans with variable rates are computed based on the related mortgage loan documents.	
1122(d)(4)(x)	Regarding any funds held in trust for an obligor (such as escrow accounts): (A) such funds are analyzed, in accordance with the obligor's mortgage loan documents, on at least an annual basis, or such other period specified in the transaction agreements; (B) interest on such funds is paid, or credited, to obligors in accordance with applicable mortgage loan documents and state laws; and (C) such funds are returned to the obligor within 30 calendar days of full repayment of the related mortgage loans, or such other number of days specified in the transaction agreements.	
1122(d)(4)(xi)	Payments made on behalf of an obligor (such as tax or insurance payments) are made on or before the related penalty or expiration dates, as indicated on the appropriate bills or notices for such payments, provided that such support has been received by the servicer at least 30 calendar days prior to these dates, or such other number of days specified in the transaction agreements.	
1122(d)(4)(xii)	Any late payment penalties in connection with any payment to be made on behalf of an obligor are paid from the servicer's funds and not charged to the obligor, unless the late payment was due to the obligor's error or omission.	
1122(d)(4)(xiii)	Disbursements made on behalf of an obligor are posted within two business days to the obligor's records maintained by the servicer, or such other number of days specified in the transaction agreements.	
1122(d)(4)(xiv)	Delinquencies, charge-offs and uncollectible accounts are recognized and recorded in accordance with the transaction agreements.	
1122(d)(4)(xv)	Any external enhancement or other support, identified in Item 1114(a)(1) through (3) or Item 1115 of Regulation AB, is maintained as set forth in the transaction agreements.	

[NAME OF MASTER SERVICER] [NAME OF TRUSTEE] [NAME OF SUBSERVICER]

Date: _____

By: _____

Name:

Title:

EXHIBIT T

[FORM OF] LIST OF ITEM 1119 PARTIES

ALTERNATIVE LOAN TRUST 200 - ____

MORTGAGE PASS-THROUGH CERTIFICATES,
Series 200 - ____

[Date]

Party	Contact Information

EXHIBIT U

FORM OF SARBANES-OXLEY CERTIFICATION
(REPLACEMENT OF MASTER SERVICER)

Re: Alternative Loan Trust 200[]-OA[], Mortgage Pass-Through Certificates, Series 200[]-OA[]

The undersigned Servicer hereby certifies to the Depositor and its officers, directors and Affiliates (collectively, the "Certification Parties") as follows, with the knowledge and intent that the Certification Parties will rely on this Certification in connection with the certification concerning the Trust Fund to be signed by an officer of the Depositor and submitted to the Securities and Exchange Commission pursuant to the Sarbanes-Oxley Act of 2002:

1. I have reviewed the servicer compliance statement of the Master Servicer provided in accordance with Item 1123 of Regulation AB (the "Compliance Statement"), the report on assessment of the Servicer's compliance with the servicing criteria set forth in Item 1122(d) of Regulation AB (the "Servicing Criteria"), provided in accordance with Rules 13a-18 and 15d-18 under Securities Exchange Act of 1934, as amended (the "Exchange Act") and Item 1122 of Regulation AB (the "Servicing Assessment"), the registered public accounting firm's attestation report provided in accordance with Rules 13a-18 and 15d-18 under the Exchange Act and Section 1122(b) of Regulation AB (the "Attestation Report"), and all servicing reports, officer's certificates and other information relating to the servicing of the Mortgage Loans by the Master Servicer during 200[] that were delivered by the Master Servicer to the Trustee pursuant to the Agreement (collectively, the "Servicing Information");

2. Based on my knowledge, the Servicing Information, taken as a whole, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in the light of the circumstances under which such statements were made, not misleading with respect to the period of time covered by the Servicing Information;

3. Based on my knowledge, all of the Servicing Information required to be provided by the Master Servicer under the Agreement has been provided to the Depositor or the Trustee, as applicable;

4. I am responsible for reviewing the activities performed by the Master Servicer as servicer under the Servicing Agreement (the "Pooling and Servicing Agreement") relating to the above-referenced Series, among Countrywide Home Loans, Inc., as a seller, Park Granada LLC, as a seller, Park Sienna LLC, as a seller, Park Monaco Inc., as a seller, [], as master servicer, CWALT, Inc., as depositor, and The Bank of New York, as trustee, and based on my knowledge and the compliance review conducted in preparing the Compliance Statement and except as disclosed in the Compliance Statement, the Pooling and Servicing Assessment or the

Attestation Report, the Master Servicer has fulfilled its obligations under the Agreement in all material respects; and

5. The Compliance Statement required to be delivered by the Master Servicer pursuant to the Pooling and Agreement, and the Servicing Assessment and Attestation Report required to be provided by the Master Servicer and by any Subservicer or Reporting Subcontractor pursuant to the Agreement, have been provided to the Depositor. Any material instances of noncompliance described in such reports have been disclosed to the Depositor. Any material instance of noncompliance with the Servicing Criteria has been disclosed in such reports.

[MASTER SERVICER]

By: _____

Name:

Title:

Date: _____

Exhibit B

\$1,199,267,100

(Approximate)

CWALT, INC.

Depositor



Countrywide®

HOME LOANS

Sponsor and Seller

Countrywide Home Loans Servicing LP

Master Servicer

Alternative Loan Trust 2006-OA19

Issuing Entity

Mortgage Pass-Through Certificates, Series 2006-OA19

Distributions payable monthly, beginning December 20, 2006

The issuing entity will issue certificates, including the following classes of certificates that are offered pursuant to this prospectus supplement and the accompanying prospectus:

	Initial Class Certificate Balance/Initial Notional Amount(1)	Pass-Through Rate(2)		Initial Class Certificate Balance/Initial Notional Amount(1)	Pass-Through Rate(2)
Class A-1	\$ 560,476,000	Floating	Class M-2	\$ 24,499,000	Floating
Class A-2	\$ 233,531,000	Floating	Class M-3	\$ 9,187,000	Floating
Class A-3A	\$ 100,000,000	Floating	Class M-4	\$ 9,187,000	Floating
Class A-3B	\$ 40,118,000	Floating	Class M-5	\$ 9,187,000	Floating
Class A-4	\$ 120,000,000	Floating	Class M-6	\$ 6,124,000	Floating
Class A-5	\$ 30,000,000	Floating	Class M-7	\$ 6,124,000	Floating
Class X-P	\$ 1,224,999,900(3)	Variable	Class M-8	\$ 6,124,000	Floating
Class A-R	\$ 100	Variable	Class M-9	\$ 6,124,000	Floating
Class M-1	\$ 27,562,000	Floating	Class M-10	\$ 11,024,000	Floating

Consider carefully the risk factors beginning on page S-19 in this prospectus supplement and on page 2 in the prospectus.

The certificates represent obligations of the issuing entity only and do not represent an interest in or obligation of CWALT, Inc., Countrywide Home Loans, Inc. or any of their affiliates.

This prospectus supplement may be used to offer and sell the offered certificates only if accompanied by the prospectus.

- (1) This amount is subject to a permitted variance in the aggregate of plus or minus 10%.
- (2) The classes of certificates offered by this prospectus supplement, together with their pass-through rates, the index on which these rates are based and their initial ratings, are listed in the tables under "Summary—Description of the Certificates" that begin on page S-6 of this prospectus supplement.
- (3) The Class X-P Certificates will consist of two interest-only components and two principal-only components. The initial notional amount of the Class X-P Certificates is set forth in the table above but is not included in the aggregate class certificate balance of all the certificates offered.

This prospectus supplement and the accompanying prospectus relate only to the offering of the certificates listed above and not to the other classes of certificates that will be issued by the issuing entity.

The certificates represent interests in a pool of 30-year and 40-year conventional, adjustable rate, negative amortization mortgage loans secured by first liens on one- to four-family residential properties.

Credit enhancement for the offered certificates consists of subordination and, with respect to the Class A-3A Certificates, a certificate guaranty insurance policy issued by Ambac Assurance Corporation. The credit enhancement for each class of certificates varies. Not all credit enhancement is available for every class. The credit enhancement for the certificates is described in more detail in this prospectus supplement.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this prospectus supplement or the prospectus. Any representation to the contrary is a criminal offense.

Countrywide Securities Corporation will offer the classes of certificates listed above to the public at varying prices to be determined at the time of sale. The proceeds to the depositor from the sale of the offered certificates are expected to be approximately \$1,265,710,834, before deducting expenses. The offered certificates will be purchased by Countrywide Securities Corporation on or about November 30, 2006. See "Method of Distribution" in this prospectus supplement.

Countrywide Securities Corporation

November 29, 2006

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Summary

This summary highlights selected information from this document and does not contain all of the information that you need to consider in making your investment decision. To understand all of the terms of an offering of the certificates, read carefully this entire document and the accompanying prospectus.

While this summary contains an overview of certain calculations, cash flow priorities and other information to aid your understanding, you should read carefully the full description of these calculations, cash flow priorities and other information in this prospectus supplement and the accompanying prospectus before making any investment decision.

Issuing Entity

Alternative Loan Trust 2006-OA19, a common law trust formed under the laws of the State of New York.

See "The Issuing Entity" in this prospectus supplement.

Depositor

CWALT, Inc., a Delaware corporation, is a limited purpose finance subsidiary of Countrywide Financial Corporation. Its address is 4500 Park Granada, Calabasas, California 91302, and its telephone number is (818) 225-3000.

See "The Depositor" in the prospectus.

Sponsor and Sellers

Countrywide Home Loans, Inc. will be the sponsor of the transaction and a seller of a portion of the mortgage loans. The remainder of the mortgage loans will be sold directly to the depositor by one or more special purpose entities that were established by Countrywide Financial Corporation or one of its subsidiaries, which acquired the mortgage loans they are selling directly from Countrywide Home Loans, Inc.

See "Servicing of Mortgage Loans—Countrywide Home Loans" in this prospectus supplement.

Originators

Countrywide Home Loans, Inc. originated approximately 87.20% of the initial mortgage loans. The remainder of the initial mortgage loans were originated by various other originators, which, individually, originated less than 10% of the initial mortgage loans.

See "The Mortgage Pool—Underwriting Process" in this prospectus supplement.

Master Servicer

Countrywide Home Loans Servicing LP.

See "Servicing of Mortgage Loans—Countrywide Home Loans Servicing LP" in this prospectus supplement.

Trustee

The Bank of New York

See "Description of the Certificates—The Trustee" in this prospectus supplement.

Class A-3A Insurer

Ambac Assurance Corporation will unconditionally and irrevocably guarantee certain payments on the Class A-3A Certificates on each distribution date pursuant to the terms of a certificate guaranty insurance policy, which is sometimes referred to as the Class A-3A policy.

See "Credit Enhancement—The Certificate Guaranty Insurance Policy" and "—The Class A-3A Certificate Insurer" in this prospectus supplement.

Pooling and Servicing Agreement

The pooling and servicing agreement among the sellers, the master servicer, the depositor and the trustee, under which the issuing entity will be formed.

Cut-off Date

For any mortgage loan conveyed to the issuing entity on the closing date, the later of November 1, 2006 and the date of origination of that mortgage loan (referred to as the "initial cut-off date").

For any mortgage loan conveyed to the issuing entity after the closing date, the later of the origination date of that mortgage loan and the first day of the month of the conveyance to the issuing entity.

Closing Date

On or about November 30, 2006.

Pre-Funding

If the aggregate stated principal balance as of the initial cut-off date of the mortgage loans conveyed to the issuing entity on the closing date is less than \$1,225,000,000, an account (the "***pre-funding account***") will be established with the trustee on the closing date and funded in an amount equal to the difference (referred to as the "***pre-funded amount***").

Pre-Funded Amount:

As of the date of this prospectus supplement, the pre-funded amount to be deposited in the pre-funding account is expected to be approximately \$303,679,646.

Funding Period:

If there is a pre-funded amount deposited into the pre-funding account on the closing date, the funding period will begin on the closing date and end on the earlier of (x) the date the amount in the pre-funding account is less than \$150,000 and (y) December 29, 2006.

Use of Pre-Funded Amount:

Any pre-funded amount deposited in the pre-funding account on the closing date is expected to be used to purchase supplemental mortgage loans. Any pre-funded amount not used during the funding period to purchase supplemental mortgage loans will be distributed to holders of the senior certificates as a prepayment of principal on the distribution date immediately following the end of the funding period.

Capitalized Interest Account

Because some of the mortgage loans may not be acquired by the issuing entity until after the closing date, there may not be sufficient interest collections from the mortgage loans to pay all of the interest due on the certificates on the first and possibly second distribution dates. If the pre-funding account is funded, a capitalized interest account will be established and funded on the closing date to cover those shortfalls.

Restrictions on Supplemental Mortgage Loan Purchases:

Purchases of supplemental mortgage loans are subject to the same criteria as the initial mortgage loans and additional restrictions related to the composition of the mortgage loan group following the acquisition of the supplemental mortgage loans, as described in this prospectus supplement.

The Mortgage Loans

The mortgage pool will consist of 30-year and 40-year conventional, adjustable rate, negative amortization mortgage loans secured by first liens on one-to-four family residential properties. The mortgage rate on each mortgage loan is fixed during an introductory period of one to three months after origination. Thereafter, the interest rate on each mortgage loan adjusts monthly based on a specified index, but the scheduled monthly payments on the mortgage loans adjust annually.

The mortgage loans for which statistical information is presented in this prospectus supplement are referred to as the initial mortgage loans. The statistical information presented in this prospectus supplement regarding the initial mortgage loans is as of the initial cut-off date. The depositor believes that the information set forth in this prospectus supplement regarding the initial mortgage loans as of the initial cut-off date is representative of the characteristics of the mortgage loans that will be delivered on the closing date (the initial mortgage loans and any additional mortgage loans delivered on the closing date are referred to as the "***closing date mortgage loans***"). However, the statistical information presented in this prospectus supplement does not reflect all of the mortgage loans that will be included in the issuing entity. Supplemental mortgage loans will be included during the funding period. Further, certain initial mortgage loans may prepay or may be determined not to meet the eligibility requirements for inclusion in the final mortgage pool. A limited number of mortgage loans may be added to or substituted for the mortgage loans that are described in this prospectus supplement. Any addition or substitution will not result in a material difference in the closing date mortgage pool although the cut-off date information regarding the actual mortgage loans may vary somewhat from the information regarding the initial mortgage loans presented in this prospectus supplement.

As of the initial cut-off date, the initial mortgage loans in the mortgage pool had the following characteristics:

Aggregate Current Principal Balance	\$921,320,354
Number of Mortgage Loans	2,415
Average Current Principal Balance	\$381,499
Range of Current Principal Balances	\$21,350 to \$2,400,000
Weighted Average Mortgage Rate	5.877%

less any lender paid mortgage insurance	
Weighted Average Mortgage Rate	5.896%
Range of Mortgage Rates	1.000% to 9.950%
Weighted Average Minimum Mortgage Rate	3.372%
Weighted Average Maximum Mortgage Rate	9.997%
Weighted Average Original Loan-to-Value Ratio	75.41%
Percentage of Mortgage Loans with Original Loan-to-Value Ratios Greater than 80%	9.13%
Geographic Concentrations in excess of 10%:	
California	50.65%
Florida	15.68%
Weighted Average Original Term to Stated Maturity	386 months
Weighted Average Remaining Term to Stated Maturity	385 months
Percentage of Mortgage Loans with Prepayment Charges	82.61%
Minimum FICO Score	597
Maximum FICO Score	823
Weighted Average FICO Score of Mortgage Loans with Known FICO Score	706
Number of Mortgage Loans with Unknown FICO Score	6
Percentage of Mortgage Loans with Unknown FICO Score	0.11%
Weighted Average Gross Margin	3.372%
Maximum Negative Amortization:	
110%	3.58%
115%	96.42%
Weighted Average Maximum Negative Amortization	114.82%
Weighted Average Initial Payment Adjustment Date	October 2007
See "The Mortgage Pool" in this prospectus supplement.	

Description of the Certificates

The issuing entity will issue the following classes of certificates:

Class	Initial Class Certificate Balance/Initial Notional Amount (1)	Type	Initial Rating (Moody's) (2)	Initial Rating (S&P) (2)
<i>Offered Certificates</i>				
Class A-1	\$ 560,476,000	Senior/Floating Pass-Through Rate/Super Senior	Aaa	AAA
Class A-2	\$ 233,531,000	Senior/Floating Pass-Through Rate/Super Senior/Support	Aaa	AAA
Class A-3A	\$ 100,000,000	Senior/Floating Pass-Through Rate/Support	Aaa (3)	AAA (3)
Class A-3B	\$ 40,118,000	Senior/Floating Pass-Through Rate/Support	Aaa	AAA
Class A-4	\$ 120,000,000	Senior/Floating Pass-Through Rate/Super Senior	Aaa	AAA
Class A-5	\$ 30,000,000	Senior/Floating Pass-Through Rate/Support	Aaa	AAA
Class X-P	\$ 1,224,999,900(4)(5)	Senior/Variable Pass-Through Rate/Component	Aaa	AAA
Class A-R	\$ 100	Senior/Variable Pass-Through Rate/Residual	Aaa	AAA
Class M-1	\$ 27,562,000	Subordinate/Floating Pass-Through Rate	Aa1	AA+
Class M-2	\$ 24,499,000	Subordinate/Floating Pass-Through Rate	Aa1	AA
Class M-3	\$ 9,187,000	Subordinate/Floating Pass-Through Rate	Aa1	AA-
Class M-4	\$ 9,187,000	Subordinate/Floating Pass-Through Rate	Aa1	A+
Class M-5	\$ 9,187,000	Subordinate/Floating Pass-Through Rate	Aa2	A
Class M-6	\$ 6,124,000	Subordinate/Floating Pass-Through Rate	Aa3	A-
Class M-7	\$ 6,124,000	Subordinate/Floating Pass-Through Rate	Aa3	BBB+
Class M-8	\$ 6,124,000	Subordinate/Floating Pass-Through Rate	A1	BBB
Class M-9	\$ 6,124,000	Subordinate/Floating Pass-Through Rate	A2	BBB-
Class M-10	\$ 11,024,000	Subordinate/Floating Pass-Through Rate	Baa2	N/A
<i>Non-Offered Certificates (6)</i>				
Class B-1	\$ 8,574,000	Subordinate/Floating Pass-Through Rate		
Class B-2	\$ 6,124,000	Subordinate/Floating Pass-Through Rate		
Class B-3	\$ 11,034,900	Subordinate/Floating Pass-Through Rate		

(1) This amount is subject to a permitted variance in the aggregate of plus or minus 10% depending on the amount of mortgage loans actually delivered on the closing date.

(2) The offered certificates will not be offered unless they are assigned the indicated ratings by Moody's Investors Service, Inc. ("*Moody's*") and, except in the case of the Class M-10 Certificates, Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("*S&P*"). S&P was not asked to rate the Class M-10 Certificates. The Class B-1, Class B-2 and Class B-3 Certificates are not offered by this prospectus supplement, so ratings for those classes of certificates have not been provided. A rating is not a recommendation to buy, sell or hold securities. These ratings may be lowered or withdrawn at any time by either of the rating agencies. See "*Ratings*" in this prospectus supplement.

(3) The ratings are without regard to the Class A-3A policy.

- (4) Solely for purposes of determining distributions of principal and interest and the allocation of realized losses and net deferred interest on the mortgage loans, the Class X-P Certificates are comprised of four components that are not separately transferable: two interest-only components (the Class X-P IO-1 and Class X-P IO-2 Components) and two principal-only components (the Class X-P PO-1 and Class X-P PO-2 Components). The interest-only and principal-only components of the Class X-P Certificates are sometimes referred to as IO Components and PO Components, respectively.

The IO Components of the Class X-P Certificates are notional amount, interest-only components that will not have component principal balances. Each PO Component will have a component principal balance (initially zero).

The notional amount of the Class X-P Certificates will equal the aggregate component notional amount of its IO Components. The class certificate balance of the Class X-P Certificates will equal the aggregate component principal balance of its PO Components.

IO Components. The “component notional amount” of the Class X-P IO-1 Component for the interest accrual period related to any distribution date will be equal to the sum of (1) the aggregate class certificate balance of the senior certificates (other than the Class X-P and Class A-R Certificates) and (2) the component principal balance of the Class X-P PO-1 Component immediately prior to such distribution date. The “component notional amount” of the Class X-P IO-2 Component for the interest accrual period related to any distribution date will be equal to the sum of (1) the excess, if any, of the sum of the aggregate stated principal balance of the mortgage loans as of the first day of the related due period and amounts on deposit in the pre-funding account over the sum of (a) the aggregate class certificate balance of the senior certificates and (b) the aggregate component principal balance of the PO Components and (2) the component principal balance of the Class X-P PO-2 Component immediately prior to such distribution date.

PO Components. The “component principal balance” of each PO Component will initially be zero and will increase depending on the amount of net deferred interest from the mortgage loans allocated to the IO Component with the same alpha-numeric designation, as described under “*Description of the Certificates—Interest*” in this prospectus supplement. The component principal balance of a PO Component will be reduced by all amounts actually distributed as principal on that component and all realized losses applied in reduction of principal on that component on all prior distribution dates and will be increased by amounts allocated as subsequent recoveries to that PO Component as described under “*Description of the Certificates—Calculation of Class Certificate Balance*” in this prospectus supplement.

- (5) On each distribution date, the Class X-P Certificates also will be entitled to receive the prepayment charges received with respect to the mortgage loans during the related prepayment period. The ratings assigned to the Class X-P Certificates do not address the likelihood that any prepayment charges will be received by the Class X-P Certificates.
- (6) The Class B-1, Class B-2 and Class B-3 Certificates are not offered by this prospectus supplement. Any information contained in this prospectus supplement with respect to the Class B-1, Class B-2 and Class B-3 Certificates is provided only to permit a better understanding of the offered certificates.

The certificates also will have the following characteristics:

Class	Pass-Through Rate On or Before Optional Termination Date (1)	Pass-Through Rate After Optional Termination Date (1)	Accrual Period	Interest Accrual Convention
Offered				
Certificates				
Class A-1	LIBOR + 0.180%	LIBOR + 0.360%	(2)	Actual/360 (3)
Class A-2	LIBOR + 0.250%	LIBOR + 0.500%	(2)	Actual/360 (3)
Class A-3A	LIBOR + 0.190%	LIBOR + 0.380%	(2)	Actual/360 (3)
Class A-3B	LIBOR + 0.270%	LIBOR + 0.540%	(2)	Actual/360 (3)
Class A-4	LIBOR + 0.210%	LIBOR + 0.420%	(2)	Actual/360 (3)
Class A-5	LIBOR + 0.240%	LIBOR + 0.480%	(2)	Actual/360 (3)
Class X-P	(6)(7)	(6)(7)	calendar month (4)	30/360 (5)
Class A-R	(8)	(8)	calendar month (4)	30/360 (5)
Class M-1	LIBOR + 0.410%	LIBOR + 0.615%	(2)	Actual/360 (3)
Class M-2	LIBOR + 0.440%	LIBOR + 0.660%	(2)	Actual/360 (3)
Class M-3	LIBOR + 0.470%	LIBOR + 0.705%	(2)	Actual/360 (3)
Class M-4	LIBOR + 0.650%	LIBOR + 0.975%	(2)	Actual/360 (3)
Class M-5	LIBOR + 0.700%	LIBOR + 1.050%	(2)	Actual/360 (3)
Class M-6	LIBOR + 0.750%	LIBOR + 1.125%	(2)	Actual/360 (3)
Class M-7	LIBOR + 1.500%	LIBOR + 2.250%	(2)	Actual/360 (3)
Class M-8	LIBOR + 1.750%	LIBOR + 2.625%	(2)	Actual/360 (3)
Class M-9	LIBOR + 1.750%	LIBOR + 2.625%	(2)	Actual/360 (3)
Class M-10	LIBOR + 1.750%	LIBOR + 2.625%	(2)	Actual/360 (3)
Non-Offered				
Certificates				
Class B-1	LIBOR + 1.750%	LIBOR + 1.750%	(2)	Actual/360 (3)
Class B-2	LIBOR + 1.750%	LIBOR + 1.750%	(2)	Actual/360 (3)
Class B-3	LIBOR + 1.750%	LIBOR + 1.750%	(2)	Actual/360 (3)

- (1) The pass-through rate on each class of certificates (other than the Class X-P and Class A-R Certificates) may adjust monthly based on the level of one-month LIBOR, subject to a cap. LIBOR for the related interest accrual period is calculated as described under "Description of the Certificates—Determination of LIBOR."
- (2) The interest accrual period for any distribution date will be the period commencing on the distribution date in the month prior to the month in which that distribution date occurs (or commencing on the closing date, in the case of the first distribution date) and ending on the day immediately prior to that distribution date.
- (3) Interest will accrue at the rate described in this table on the basis of a 360-day year and the actual number of days that elapsed in the accrual period.
- (4) The interest accrual period for any distribution date will be the calendar month before the month of that distribution date.
- (5) Interest will accrue at the rate described in this table on the basis of a 360 day year divided into twelve 30 day months.
- (6) The Class X-P Certificates will be entitled to receive on each distribution date the sum of the interest accrued on its IO Components (based upon the component notional amount of each IO Component) during the related interest accrual period at their respective pass-through rates for that distribution date, less any amounts that are used to pay carryover shortfall amounts in respect of any other classes of certificates as described herein. The PO Components of the Class X-P Certificates do not bear interest so they do not have a pass-through rate.
- (7) The pass-through rate for the Class X-P IO-1 Component for the interest accrual period for any distribution date will be equal to the excess, if any, of (1) the weighted average adjusted net mortgage rate of the mortgage loans (adjusted for amounts on deposit in the pre-funding account, if any) over (2) the weighted average of the pass-through rates of the senior certificates (other than the Class X-P and Class A-R Certificates) and the Class X-P PO-1 Component (weighted on the basis of the respective class certificate balances of the senior certificates

(other than the Class X-P and Class A-R Certificates) and the component principal balance of the Class X-P PO-1 Component and adjusted to a rate calculated on the basis of 360-day year comprised of twelve 30-day months). For purposes of calculating the pass-through rate for the Class X-P IO-1 Component, 0.08% will be added to the pass-through rate of the Class A-3A Certificates.

The pass-through rate for the Class X-P IO-2 Component for the interest accrual period for any distribution date will be equal to the excess, if any, of (1) the weighted average adjusted net mortgage rate of the mortgage loans (adjusted for amounts on deposit in the pre-funding account, if any) over (2) the weighted average of the pass-through rates of the subordinated certificates (treating the Class X-P PO-2 Component as a subordinated certificate) for that distribution date (weighted on the basis of the respective class certificate balances of the subordinated certificates and the component principal balance of the Class X-P PO-2 Component and adjusted to a rate calculated on the basis of 360-day year comprised of twelve 30-day months).

The Class X-P Certificates also will be entitled to receive all of the prepayment charges received with respect to the mortgage loans during the related prepayment period.

- (8) The pass-through rate for the Class A-R Certificates for the interest accrual period related to any distribution date will be a per annum rate equal to the weighted average adjusted net mortgage rate of the mortgage loans.

See "Description of the Certificates" in this prospectus supplement.

Designations

We sometimes use the following designations to refer to the specified classes of certificates in order to aid your understanding of the offered certificates.

Designation	Classes of Certificates
Senior Certificates	Class A-1, Class A-2, Class A-3A, Class A-3B, Class A-4, Class A-5, Class X-P and Class A-R Certificates
Subordinated Certificates	Class M and Class B Certificates
LIBOR Certificates	Class A-1, Class A-2, Class A-3A, Class A-3B, Class A-4, Class A-5, Class M and Class B Certificates
Class M Certificates	Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7, Class M-8, Class M-9 and Class M-10 Certificates
Class B Certificates	Class B-1, Class B-2 and Class B-3 Certificates
Offered Certificates	Senior Certificates and Class M Certificates
IO Components	Class X-P IO-1 and Class X-P IO-2 Components
PO Components	Class X-P PO-1 and Class X-P PO-2 Components

Record Date

LIBOR Certificates:

The business day immediately preceding a distribution date, or if the LIBOR Certificates are no longer book-entry certificates, the last business day of the calendar month preceding the month of that distribution date.

Class A-R and Class X-P Certificates:

The last business day of the month preceding the month of the distribution date.

Denominations

Offered Certificates other than the Class X-P and Class A-R Certificates:

\$25,000 and multiples of \$1 in excess thereof.

Class X-P Certificates:

\$100,000 (Notional Amount) and multiples of \$1 in excess thereof.

Class A-R Certificates:

Two certificates of \$99.99 and \$0.01, respectively.

Registration of Certificates

Offered Certificates other than the Class A-R Certificates:

Book-entry form. Persons acquiring beneficial ownership interests in the offered certificates (other than the Class A-R Certificates) will hold their beneficial interests through The Depository Trust Company.

Class A-R Certificates:

Fully registered certificated form. The Class A-R Certificates will be subject to certain restrictions on transfer described in this prospectus supplement and as more fully provided for in the pooling and servicing agreement.

See "Description of the Certificates—Book-Entry Certificates; Denominations" and "—Restrictions on Transfer of the Class A-R Certificates" in this prospectus supplement.

Distribution Dates

Beginning on December 20, 2006, and thereafter on the 20th day of each calendar month, or if the 20th is not a business day, the next business day.

Last Scheduled Distribution Date

The last scheduled distribution date for the offered certificates is the distribution date in February 2047. Since the rate of distributions in reduction of the class certificate balance or notional amount of each class of offered certificates will depend on the rate of payment (including prepayments) of the mortgage loans, the class certificate balance or notional amount of any class could be reduced to zero significantly earlier or later than the last scheduled distribution date. See "Yield, Prepayment and Maturity Considerations—Last Scheduled Distribution Date" in this prospectus supplement.

Interest Payments

The related accrual period, interest accrual convention and pass-through rate for each class of interest-bearing certificates is shown in the table on page S-8.

On each distribution date, to the extent funds are available, each class of interest-bearing certificates or the IO Components will be entitled to receive:

- interest accrued at the applicable pass-through rate during the related interest accrual period on the class certificate balance or component notional amount, as applicable, immediately prior to that distribution date, and
- any interest remaining unpaid from prior distribution dates, less
- any net deferred interest allocated to that class or component for that distribution date, less
- any net interest shortfalls allocated to that class or component for that distribution date.

The PO Components do not bear interest.

Net Deferred Interest:

For any distribution date, the amount of the net deferred interest on the mortgage loans that will be allocated to the certificates will equal the excess, if any, of:

- the interest deferred on the mortgage loans from the previous due date to the due date related to that distribution date, over
- the amount of principal prepayments and subsequent recoveries received on the mortgage loans during the calendar month prior to that distribution date (this amount is referred to as the “*net deferred interest*”).

For any distribution date, the senior percentage of the amount of net deferred interest on the mortgage loans will be allocated to the senior certificates or IO Components and the subordinated percentage of that net deferred interest will be allocated to the subordinated certificates. Among the senior certificates or subordinated certificates, as applicable, the net deferred interest allocated to a class of certificates or an IO Component will generally be an amount equal to the excess, if any, of:

- the amount of interest accrued on the class of certificates or the IO Component at its pass-through rate during the interest accrual period related to that distribution date, over
- the amount of interest that would have accrued if the pass-through rate for that class of certificates or IO Component was equal to the adjusted rate cap for that class or component and distribution

date, in each case not to exceed the interest entitlement for that class or component for that distribution date.

The amount of net deferred interest allocated to a class of certificates or IO Component will be added to the class certificate balance of the class or, in the case of an IO Component, to the component principal balance of the PO Component with the same alphanumeric designation.

The Class A-3A policy does not cover reductions in the interest payable to the Class A-3A Certificates as a result of the allocation of net deferred interest, but the Class A-3A policy does cover the ultimate payment of the class certificate balance of the Class A-3A Certificates including any increases in that class certificate balance as a result of the allocation of net deferred interest.

See “Description of the Certificates—Interest” and “—Allocation of Net Deferred Interest” in this prospectus supplement.

Allocation of Interest Shortfalls:

For any distribution date, the interest entitlement for each interest-bearing class of certificates or IO Component will be reduced by the amount of net interest shortfalls experienced by the mortgage loans resulting from:

- prepayments on the mortgage loans and
- reductions in the interest rate on the mortgage loans due to Servicemembers Relief Act reductions or debt service reductions.

Net interest shortfalls for the mortgage loans on any distribution date will be allocated pro rata among all classes of interest-bearing certificates (or IO Components thereof), based on their respective entitlements, in each case before taking into account any reduction in the entitlements from net interest shortfalls.

The Class A-3A policy does not cover net interest shortfalls allocated to the Class A-3A Certificates resulting from prepayments on the mortgage loans or debt service reductions or the application of the Servicemembers Relief Act.

If on any distribution date, available funds are not sufficient to make a full distribution of the interest entitlement on the interest-bearing certificates and IO Components in the order described below under “—*Priority of Distributions Among Certificates*”, interest will be distributed on each class of certificates and IO Components of equal priority, pro

rata, based on their respective entitlements. Any unpaid interest amount will be carried forward and added to the amount holders of each affected class of certificates and IO Components will be entitled to receive on the next distribution date. Any unpaid interest amount carried forward will not bear interest.

See “Description of the Certificates—Interest” and “—Allocation of Interest Shortfalls” in this prospectus supplement.

Carryover Shortfall Amount:

If the pass-through rate on a class of LIBOR Certificates for the interest accrual period related to a distribution date is limited by the rate cap, any resulting interest shortfall (referred to as a “**carryover shortfall amount**”) may be paid on that distribution date or (except in the case of the Class B Certificates) on future distribution dates from amounts otherwise distributable as interest on one of the IO Components as described below under “—Priority of Distributions.”

The Class A-3A policy does not cover carryover shortfall amounts on the Class A-3A Certificates.

See “Description of the Certificates—Carryover Shortfall Reserve Fund” and “Description of the Certificates—Interest” in this prospectus supplement.

Principal Payments

On each distribution date, certificateholders will only receive a distribution of principal on their certificates if there is cash available on that date for the payment of principal according to the principal distribution rules described in this prospectus supplement.

Generally, the principal collections from the mortgage loans are allocated to the senior certificates as set forth below, and any remainder is allocated to the subordinated certificates:

- in the case of scheduled principal collections, the amount allocated to the senior certificates is based on the ratio of the aggregate class certificate balance of the senior certificates to the aggregate class certificate balance of all of the certificates, and
- in the case of net principal prepayments, the amount allocated to the senior certificates is based on a fixed percentage (equal to 100%) until the tenth anniversary of the first distribution date, at which time the percentage will step down

as described herein, if the specified conditions are met.

Notwithstanding the foregoing,

- no decrease in the senior prepayment percentage will occur unless certain conditions related to the loss and delinquency performance of the mortgage loans are satisfied, and
- if the subordination percentage meets a certain threshold and certain conditions related to the loss and delinquency performance of the mortgage loans are satisfied (referred to as the “**two-times test**”), the senior prepayment percentage will step down prior to the tenth anniversary of the first distribution date, and will be a smaller percentage than would be the case if the two times test were not met.

Principal will be distributed on each class of certificates or PO Component entitled to receive principal payments as described below under “—Amounts Available for Distributions on the Certificates.”

The IO Components are not entitled to receive any principal distributions.

See “Description of the Certificates—Principal” and “—Component Class” in this prospectus supplement.

Amounts Available for Distributions on the Certificates

The amount available for distributions on the certificates on any distribution date will generally consist of the following amounts (after the fees and expenses described under the next heading are subtracted):

- all scheduled installments of interest (net of the related expense fees and after taking into account reductions due to deferred interest on the mortgage loans) and principal due and received on the mortgage loans in the applicable period, together with any advances with respect to them,
- all proceeds of any primary mortgage guaranty insurance policies and any other insurance policies with respect to the mortgage loans, to the extent the proceeds are not applied to the restoration of the related mortgaged property or released to the borrower in accordance with the master servicer’s normal servicing procedures,

- net proceeds from the liquidation of defaulted mortgage loans, by foreclosure or otherwise during the calendar month preceding the month of the distribution date (to the extent the amounts do not exceed the unpaid principal balance of the mortgage loan, plus accrued interest),
- subsequent recoveries with respect to the mortgage loans,
- partial or full prepayments of the mortgage loans collected during the applicable period, together with interest paid in connection with the prepayments (other than certain excess amounts payable to the master servicer) and the compensating interest,
- any substitution adjustment amount or purchase price in respect of a deleted mortgage loan or a mortgage loan repurchased by a seller or purchased by the master servicer during the applicable period,
- the amounts, if any, withdrawn from the capitalized interest account on any distribution date on or prior to the January 2007 distribution date,
- the amount, if any, remaining on deposit in the pre-funding account on the distribution date following the end of the funding period, and
- in the case of the Class A-3A Certificates only, any payments made by the Class A-3A insurer under the Class A-3A policy.

Fees and Expenses

The amounts available for distributions on the certificates on any distribution date generally will not include the following amounts:

- the master servicing fee and additional servicing compensation (as described in this prospectus supplement under “*Servicing of Mortgage Loans—Servicing Compensation and Payment of Expenses*” and “*Description of the Certificates—Priority of Distributions Among Certificates*”) due to the master servicer,
- the insurance premium for the Class A-3A policy,
- the trustee fee due to the trustee,
- lender paid mortgage insurance premiums, if any,

- all prepayment charges (which are distributable only to the Class X-P Certificates),
- the amounts in reimbursement for advances previously made and other amounts as to which the master servicer and the trustee are entitled to be reimbursed from the Certificate Account pursuant to the pooling and servicing agreement, and
- all other amounts for which the depositor, a seller or the master servicer is entitled to be reimbursed.

Any amounts paid from the amounts collected with respect to the mortgage loans will reduce the amount that could have been distributed to the certificateholders.

Servicing Compensation

Master Servicing Fee:

The master servicer will be paid a monthly fee (referred to as the master servicing fee) with respect to each mortgage loan equal to one-twelfth of the stated principal balance of that mortgage loan multiplied by a per annum rate (referred to as the master servicing fee rate) which equals 0.375% and 0.425% per annum with respect to approximately 98.29% and 1.71%, respectively, of the initial mortgage loans by aggregate stated principal balance of the initial mortgage loans as of the initial cut-off date. The amount of the master servicing fee is subject to adjustment with respect to certain prepaid mortgage loans, as described under “*Servicing of Mortgage Loans—Adjustment to Servicing Compensation in Connection with Certain Prepaid Mortgage Loans*” in this prospectus supplement.

Additional Servicing Compensation:

The master servicer is also entitled to receive, as additional servicing compensation, all late payment fees, assumption fees and other similar charges (excluding prepayment charges) and all reinvestment income earned on amounts on deposit in certain of the issuing entity’s accounts and excess proceeds with respect to mortgage loans as described under “*Description of the Certificates—Priority of Distributions Among Certificates*” in this prospectus supplement.

Source and Priority of Distributions:

The master servicing fee and the additional servicing compensation described above will be paid to the master servicer from collections on the mortgage

loans prior to any distributions on the certificates.

See “*Servicing of Mortgage Loans—Servicing Compensation and Payment of Expenses*” and “*Description of the Certificates—Priority of Distributions Among Certificates*” in this prospectus supplement.

Priority of Distributions

Priority of Distributions Among Certificates

In general, on any distribution date, available funds will be distributed in the following order:

- to the Class A-3A insurer, the monthly premium relating to the Class A-3A policy;
- to interest on the interest-bearing classes of senior certificates and IO Components, pro rata, based on their respective interest entitlements; provided, that amounts distributable to the IO Components (after allocation of net deferred interest) will first be deposited into the carryover shortfall reserve fund,
- to principal of the classes of the senior certificates and the PO Components then entitled to receive distributions of principal, in the order and subject to the priorities set forth below,
- to the Class A-3A insurer, the amount of all payments made by the Class A-3A insurer pursuant to the Class A-3A policy which have not been previously repaid;
- to interest on and then principal of each class of subordinated certificates, in the order of their distribution priorities, beginning with the Class M-1 Certificates, in each case subject to the limitations set forth below, and
- from any remaining available funds, to the Class A-R Certificates.

Carryover Shortfall Reserve Fund

On each distribution date, all amounts distributable as interest to the IO Components will be deposited in the carryover shortfall reserve fund and will be distributed as follows:

- from amounts otherwise distributable to the Class X-P IO-1 Component, concurrently, to the LIBOR Certificates that are senior certificates, pro rata (as specified under “*Description of the Certificates—Carryover Shortfall Reserve*

Fund”), to pay carryover shortfall amounts of those classes of certificates,

- from amounts otherwise distributable to the Class X-P IO-2 Component, concurrently, to each class of subordinated certificates, pro rata (as specified under “*Description of the Certificates—Carryover Shortfall Reserve Fund*”), to pay carryover shortfall amounts of each class of subordinated certificates.

Any amounts that were distributable to an IO Component but were not used to pay carryover shortfall amounts as described above will be distributed to the Class X-P Certificates.

Holders of the Class X-P Certificates will not be entitled to reimbursement for any amounts in respect of interest otherwise payable to an IO Component that was used to pay carryover shortfall amounts on other classes of certificates.

Principal

On each distribution date, the principal amount will be distributed as described above under “*Priority of Distributions Among Certificates*” as principal first with respect to the senior certificates (or with respect to the Class X-P Certificates, the PO Components) in an amount up to the senior principal distribution amount, and second as principal of the subordinated certificates, in an amount up to the subordinated principal distribution amount.

Senior Certificates:

On each distribution date, the principal amount, up to the amount of the senior principal distribution amount, will be distributed as principal of the following classes of senior certificates, in the following order of priority:

- first, to the Class A-R Certificates, until its class certificate balance is reduced to zero, and
- second, concurrently, to the Class A-1, Class A-2, Class A-3A, Class A-3B, Class A-4 and Class A-5 Certificates and the PO Components, pro rata, until their respective class certificate balances or component principal balances, as applicable, are reduced to zero.

Subordinated Certificates; Applicable Credit Support Percentage Trigger:

On each distribution date, to the extent of available funds available therefor, the principal amount, up to

the subordinated principal distribution amount, will be distributed as principal of the subordinated certificates in order of their distribution priority, beginning with the Class M-1 Certificates, until their respective class certificate balances are reduced to zero. Each class of subordinated certificates will be entitled to receive its pro rata share of the subordinated principal distribution amount (based on its respective class certificate balance); provided, that if the applicable credit support percentage of a class of subordinated certificates (other than the class of subordinated certificates then outstanding with the highest distribution priority) is less than the original applicable credit support percentage for that class (referred to as a “*restricted class*”), the restricted class will not receive distributions of the net principal prepayment amount. Instead, the portion of the net principal prepayment amount otherwise distributable to each restricted class will be allocated to those classes of subordinated certificates that are not restricted classes, pro rata, based upon their respective class certificate balances and distributed in the sequential order described above.

Allocation of Realized Losses

On each distribution date, the amount of any realized losses on the mortgage loans will be allocated in the following order or priority:

- to the subordinated certificates in the reverse order of their distribution priority, beginning with the class of subordinated certificates outstanding with the lowest distribution priority, until their respective class certificate balances are reduced to zero,
- to the senior certificates (other than the IO Components), pro rata, until their respective class certificate balances or component principal balance, as applicable, are reduced to zero; provided, however, that any realized losses otherwise allocable to
 - the Class A-1 and Class A-2 Certificates will be allocated sequentially, first, to the Class A-3A and Class A-3B Certificates, concurrently and on a pro rata basis, until their respective class certificate balances have been reduced to zero, and second, to the Class A-2 Certificates until its class certificate balance is reduced to zero, and
 - the Class A-5 Certificates will be allocated to the Class A-4 Certificates until its class certificate balance is reduced to zero.

Any realized losses that would otherwise be allocated to the Class A-3A Certificates will be covered by, and result in a draw from, the Class A-3A policy. See “*Credit Enhancement—The Certificate Guaranty Insurance Policy*” in this prospectus supplement.

In addition, if, on any distribution date, following all distributions and the allocation of net deferred interest and realized losses, the aggregate class certificate balance of all classes of certificates exceeds the sum of the pool principal balance and the amount on deposit in the pre-funding account, then the class certificate balance of the class of subordinated certificates then outstanding with the lowest distribution priority will be reduced by the amount of the excess.

Credit Enhancement

The issuance of senior certificates and subordinated certificates by the issuing entity is designed to increase the likelihood that senior certificateholders will receive regular distributions of interest and principal.

Subordination

The senior certificates will have a distribution priority over the classes of subordinated certificates. Among the subordinated certificates offered by this prospectus supplement, the Class M Certificates will have a distribution priority over the Class B Certificates. Within the Class M and Class B Certificates, each class of certificates will have a distribution priority over those classes of certificates, if any, with a higher numerical designation.

Subordination is designed to provide the holders of certificates with a higher distribution priority with protection against losses realized when the remaining unpaid principal balance of a mortgage loan exceeds the proceeds recovered upon the liquidation of that mortgage loan. In general, this loss protection is accomplished by allocating the realized losses on the mortgage loans first, to the subordinated certificates, beginning with the class of subordinated certificates then outstanding with the lowest distribution priority, and second to the senior certificates (other than the IO Components) in accordance with the priorities set forth above under “—*Allocation of Realized Losses*.”

Additionally, as described above under “—*Principal Payments*,” unless certain conditions are met, the senior prepayment percentage (which determines the allocation of the net principal prepayments between the senior certificates and the subordinated certificates) will equal or exceed the senior

percentage (which represents the senior certificates' pro rata percentage interest in the mortgage loans). This disproportionate allocation of unscheduled payments of principal will have the effect of accelerating the amortization of the senior certificates which receive these unscheduled payments of principal while, in the absence of realized losses, increasing the interest in the principal balance of the mortgage loans evidenced by the subordinated certificates. Increasing the respective interest of the subordinated certificates relative to that of the senior certificates is intended to preserve the availability of the subordination provided by the subordinated certificates.

See "Description of the Certificates—Allocation of Losses" in this prospectus supplement and "Credit Enhancement—Subordination" in this prospectus supplement and in the prospectus.

Certificate Guaranty Insurance Policy

The Class A-3A Certificates will have the benefit of a certificate guaranty insurance policy (sometimes referred to as the Class A-3A policy), pursuant to which Ambac Assurance Corporation will unconditionally and irrevocably guarantee certain payments on the Class A-3A Certificates on each distribution date subject to certain terms and conditions set forth in the Class A-3A policy. The Class A-3A policy will not provide credit enhancement for any classes of certificates other than the Class A-3A Certificates.

See "Description of the Certificates—Allocation of Losses" in this prospectus supplement, "Credit Enhancement—Subordination" in this prospectus supplement and in the prospectus and "Credit Enhancement—The Certificate Guaranty Insurance Policy" in this prospectus supplement.

Advances

The master servicer will make cash advances with respect to delinquent payments of principal and interest on the mortgage loans to the extent the master servicer reasonably believes that the cash advances can be repaid from future payments on the mortgage loans. These cash advances are only intended to maintain a regular flow of scheduled interest and principal payments on the certificates and are not intended to guarantee or insure against losses.

See "Servicing of Mortgage Loans—Advances" in this prospectus supplement.

Repurchase, Substitution and Purchase of Mortgage Loans

The sellers may be required to repurchase, or substitute with a replacement mortgage loan, any mortgage loan as to which there exists deficient documentation or as to which there has been an uncured breach of any representation or warranty relating to the characteristics of that mortgage loan that materially and adversely affects the interests of the certificateholders in that mortgage loan.

The master servicer may purchase from the issuing entity any mortgage loan that is delinquent in payment by 151 days or more. In addition, if a mortgage loan becomes subject to a repurchase obligation of an unaffiliated seller to Countrywide Home Loans due to a delinquency on a scheduled payment due on or prior to the first scheduled payment owing to the issuing entity, the master servicer will have the option to purchase that mortgage loan until the 270th day following the date on which that mortgage loan becomes subject to that repurchase obligation.

Countrywide Home Loans, Inc. also will be obligated to purchase any mortgage loan with respect to which it has modified the mortgage rate at the request of the borrower. *See "Servicing of Mortgage Loans—Certain Modifications and Refinancings" in this prospectus supplement.*

The purchase price for any mortgage loans repurchased by a seller or purchased by the master servicer will generally be equal to the stated principal balance of the mortgage loan plus interest accrued at the applicable mortgage rate (and in the case of purchases by the master servicer, less the master servicing fee rate).

See "The Mortgage Pool—General", "—Assignment of the Mortgage Loans" and "Description of the Certificates—Optional Purchase of Defaulted Loans and Certain Delinquent Loans" in this prospectus supplement and "Loan Program—Representations by Sellers; Repurchases" in the prospectus.

Optional Termination

The master servicer may purchase all of the remaining assets of the issuing entity and retire all the outstanding classes of certificates on or after the distribution date on which the aggregate stated principal balance of the mortgage loans and any related real estate owned by the issuing entity is less than or equal to 5% of the sum of (x) the aggregate stated principal balance of the closing date mortgage loans as of the initial cut-off date and (y) the amount deposited in the pre-funding account on the closing

date, provided that either (a) any such purchase will not result in a draw upon the Class A-3A policy or (b) the master servicer obtains the consent of the Class A-3A insurer.

See "Description of the Certificates—Optional Termination" in this prospectus supplement.

Tax Status

For federal income tax purposes, the issuing entity (exclusive of the assets in the carryover shortfall reserve fund, the pre-funding account and the capitalized interest account) will consist of one or more REMICs: one or more underlying REMICs (if any) and the master REMIC. The assets of the lowest underlying REMIC in this tiered structure (or the master REMIC if there are no underlying REMICs) will consist of the mortgage loans and any other assets designated in the pooling and servicing agreement. The master REMIC will issue the several classes of certificates, which, other than the Class A-R Certificates, will represent the regular interests in the master REMIC. The LIBOR Certificates will also represent rights to receive carryover shortfall amounts. The Class A-R Certificates will represent ownership of both the residual interest in the master REMIC and the residual interests in any underlying REMICs.

See "Material Federal Income Tax Consequences" in this prospectus supplement and in the prospectus.

ERISA Considerations

The Class A-1 and Class A-4 Certificates may be purchased by a pension or other benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended, or Section 4975 of the Internal Revenue Code of 1986, as amended, or by an entity investing the assets of the benefit plan, so long as certain conditions are met.

The offered certificates (other than the Class A-1 and Class A-4 Certificates) may not be purchased or held by employee benefit plans or other retirement arrangements subject to the Employee Retirement Income Security Act of 1974 or Section 4975 of the Internal Revenue Code of 1986, unless such purchase or holding is made by an insurance company using funds contained in an insurance company general account and so long as certain requirements are met.

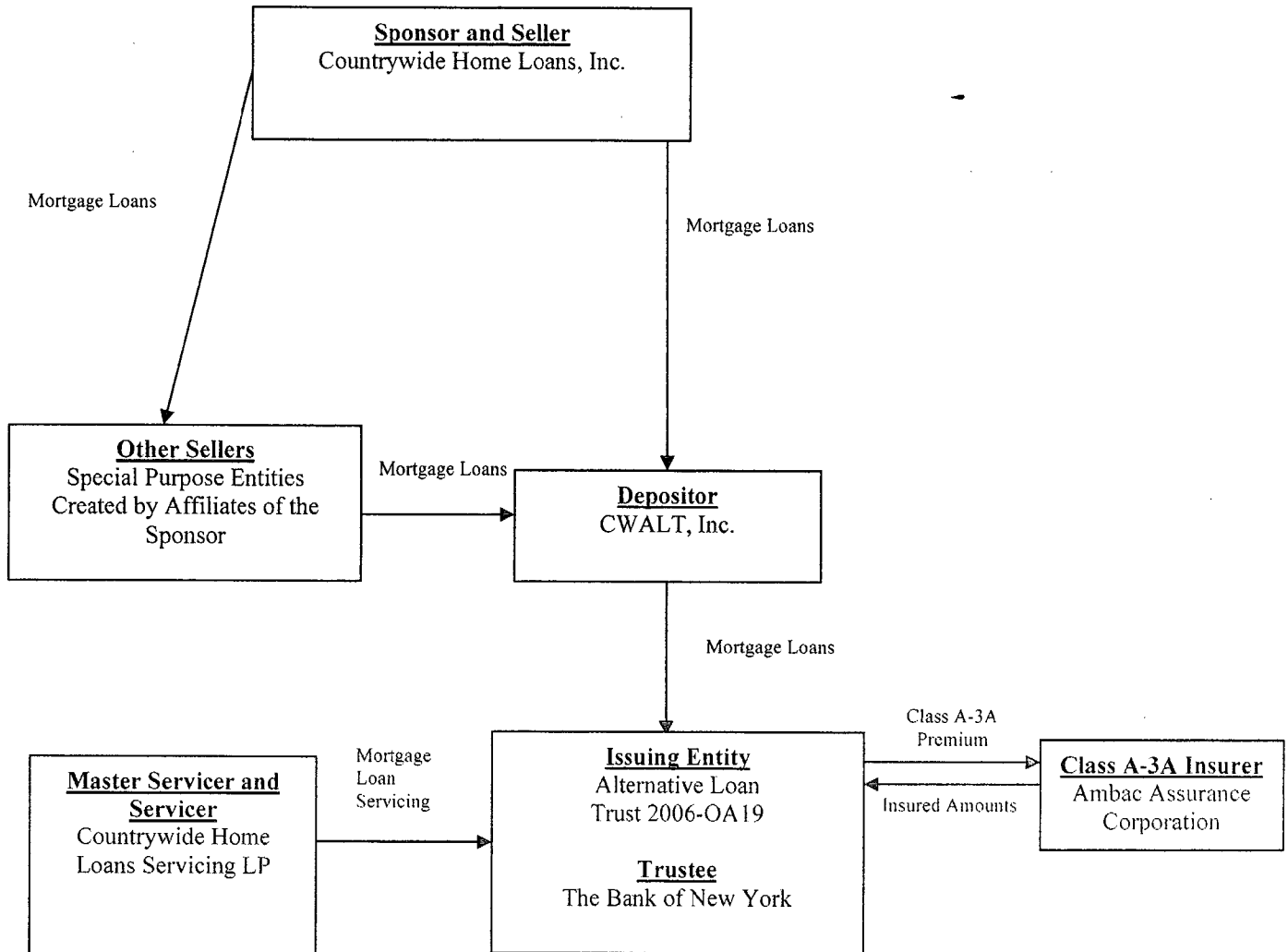
See "ERISA Considerations" in this prospectus supplement and in the prospectus.

Legal Investment

The senior certificates and the Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6 and Class M-7 Certificates will be "mortgage related securities" for purposes of the Secondary Mortgage Market Enhancement Act of 1984 as long as they are rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization. None of the other classes of offered certificates will be "mortgage related securities" for purposes of the Secondary Mortgage Market Enhancement Act of 1984.

See "Legal Investment" in the prospectus.

Summary of Transaction Parties



Risk Factors

The following information, which you should carefully consider, identifies significant sources of risk associated with an investment in the certificates. You should also carefully consider the information under "Risk Factors" beginning on page 2 in the prospectus.

Your Yield Will Be Affected By Prepayments

Borrowers may, at their option, prepay their mortgage loans in whole or in part at any time. We cannot predict the rate at which borrowers will repay their mortgage loans. The prepayment experience of the mortgage loans may be affected by many factors, including:

- general economic conditions,
- the level of prevailing interest rates,
- the availability of alternative financing,
- the applicability of prepayment charges, and
- homeowner mobility.

A prepayment of a mortgage loan, however, usually will result in a prepayment on the certificates.

The rate and timing of principal prepayments of the mortgage loans will affect the yields to maturity and weighted average lives of the certificates. Any reinvestment risks from faster or slower prepayments of the mortgage loans will be borne entirely by you.

- If you purchase your certificates at a discount and principal is repaid slower than you anticipate, then your yield may be lower than you anticipate.
- If you purchase Class X-P Certificates or you purchase your certificates at a premium and principal is repaid faster than you anticipate, then your yield may be lower than you anticipate.
- If you purchase Class X-P Certificates and principal is repaid faster than you anticipate, you may suffer a loss on your investment.
- If mortgage loans with relatively higher mortgage rates prepay, the pass-through rate on one or more classes of certificates may be limited and your yield may be lower than you anticipate.
- The rate and timing of principal prepayments relative to the amount and timing of deferred interest on the mortgage loans will affect the yields to maturity on the certificates.
- You bear the reinvestment risks resulting from a faster or slower rate of principal payments than you expect.
- In addition, the yields to maturity and weighted average lives of the certificates will be affected by any prepayment resulting from the distribution of amounts (if any) on deposit in the pre-funding account to the certificateholders.

See "Description of the Certificates—Interest" and "Yield, Prepayment and Maturity Considerations" in this prospectus supplement for a description of factors that may influence the rate and timing of prepayments on the mortgage loans.

The Effect of Prepayment Charges On The Likelihood Of Prepayments Is Unpredictable

As further described under "*The Mortgage Pool*" in this prospectus supplement, approximately 82.61% of the initial mortgage loans by aggregate stated principal balance of the initial mortgage loans as of the initial cut-off date, require the borrower to pay a charge if the borrower prepays the mortgage loan during periods of up to three years after the mortgage loan was originated. These prepayment charges apply to principal prepayments in full resulting from sales and refinancings and in certain instances curtailments in accordance with the provisions of the related mortgage note during the applicable period after origination of the applicable mortgage loan.

Prepayment charges, if any, received in respect of the mortgage loans will only be distributable to the Class X-P Certificates. These amounts will not be available to cover carryover shortfall amounts on the other certificates.

All other things being equal, the decline in market rates of interest relative to the interest rates on the mortgage loans with prepayment charges must be more significant than for other mortgage loans in order to make refinancing attractive. In addition, the mortgage loans are negative amortization loans which limit the increase in the borrower's monthly payment except in the circumstances described in this prospectus supplement. As a result, even if the interest rates on the mortgage loans are increasing, the monthly payments made by the borrowers will not change to reflect the higher cost of the increased rate of interest for up to a year after the increase in the interest rate. Finally, each index used to determine the interest rates on the mortgage loans is an average of the applicable reference rates which tends to "slow" the increase in adjustments to the interest rates on the mortgage loans and to "lag" the increase in market rates of interest generally.

We cannot predict the effect that the prepayment charges will have on the rate and timing of prepayments on the mortgage loans, although a prepayment charge may discourage a borrower from prepaying the mortgage loan during the applicable period.

Your Yield On The Certificates Will Be Subject To Any Negative Amortization On The Mortgage Loans

All of the mortgage loans are "*negative amortization loans*." After an introductory period of up to three months after origination during which the interest rates on the negative amortization loans are fixed, the interest rates on negative amortization loans will adjust monthly but their monthly payments and amortization schedules adjust annually and, under most circumstances, are subject to payment caps. The interest rates on negative amortization mortgage loans during their introductory periods are generally lower than the sum of the indices applicable at origination and the related margins, and may be as low as 1% per annum. Since the scheduled monthly payments on negative amortization loans for the first year are set at their origination, the scheduled monthly payments are based upon the introductory interest rates. As a result, after the introductory interest rates expire and until the initial annual adjustment to the scheduled

monthly payment made by the borrower (unless the fully indexed mortgage rate is a rate at or below the introductory mortgage rate), the scheduled monthly payment made by the borrower will not be sufficient to pay the amount of interest accruing on the mortgage loan. Although negative amortization loans provide for scheduled monthly payments, the amount of interest that accrues and is ultimately due on a negative amortization loan is based on the monthly interest rate. If borrowers only make their scheduled monthly payments, a portion of the accrued interest on negatively amortizing loans may become deferred interest. “*Deferred interest*” is the excess, if any, of (1) the amount of interest accrued on such Mortgage Loan from the preceding due date to such due date over (2) the monthly payment due for such due date. Deferred interest is added to the principal balance of the negative amortization loan and bears interest at the applicable interest rate for that negative amortization mortgage loan.

Except as described below, negative amortization loans provide for a limited annual adjustment to the scheduled payment. As a result, even after the initial annual adjustment, the scheduled payment still may not be sufficient to avoid deferred interest and also may not be sufficient to amortize fully the unpaid principal balance of a mortgage loan over its remaining amortization term. Deferred interest is also likely to result if interest rates rise more quickly than monthly payments are adjusted and borrowers only make their scheduled monthly payments, because the interest accrues at the monthly rate, while the payments are set annually.

If a mortgage loan accrues deferred interest during a due period, it will reduce the amount of cash available to be distributed as interest on the certificates on the related distribution date. For any distribution date, the net deferred interest on the mortgage loans will be deducted from the interest payable to the certificates as described under “Description of the Certificates—Interest” in this prospectus supplement.

The resulting reduction in interest collections on the mortgage loans will be offset, in part or in whole, by applying all principal prepayments and subsequent recoveries received on the mortgage loans to interest distributions on the certificates. Only the amount by which the principal prepayments and subsequent recoveries received on the mortgage loans exceed the amount of deferred interest on the mortgage loans will be distributed as principal to the certificates in accordance with the priorities set forth in this prospectus supplement under “*Description of the Certificates—Principal*.” For any distribution date, the net deferred interest on the mortgage loans will be deducted from the interest payable to the certificates as described in “*Description of the Certificates—Interest*” in this prospectus supplement.

The amount of the reduction of accrued interest distributable to each class of certificates attributable to net deferred interest will be added to the class certificate balance of that class, except that the net deferred interest allocated to an IO Component will instead be added to the component principal balance of the PO Component with the same alpha-numeric designation. This allocation of net deferred interest could, as a result, increase the weighted average lives of the certificates. The increase in the class certificate balance of any class of certificates and the slower reduction in the class certificate balances due to the use of principal prepayments and subsequent

recoveries received on the mortgage loans to offset the deferred interest will have the effect of increasing the applicable investors' exposure to realized losses on the mortgage loans.

In addition, because the allocation of unscheduled payments of principal received on the mortgage loans between the senior certificates and the subordinated certificates may be determined based on the relationship between the aggregate class certificate balance of the senior certificates and the aggregate class certificate balance of the subordinated certificates, this method of allocating net deferred interest may affect the rate and timing of distributions of principal among the classes of certificates. See "*Description of the Certificates—Principal*" in this prospectus supplement. We cannot predict the extent to which borrowers will prepay their mortgage loans or the extent to which deferred interest will accrue on the mortgage loans, and therefore cannot predict the extent of the effect of the allocation of net deferred interest on your certificates.

Your Yield On The Certificates Will Also Be Subject To Effects Of Adjustments Of Scheduled Payments And Principal Balances Of Negative Amortization Mortgage Loans

If the interest rates on the mortgage loans decrease prior to an adjustment in the monthly payment, a larger portion of the monthly payment will be applied to the unpaid principal balance of the mortgage loan, which may cause the certificates to amortize more quickly. Conversely, if the interest rates on the mortgage loans increase prior to an adjustment in the monthly payment, a smaller portion of the monthly payment will be applied to the unpaid principal balance of the mortgage loan, which may cause the certificates to amortize more slowly.

If the unpaid principal balance of a negative amortization loan exceeds the original balance of the mortgage loan by the amount specified in the related mortgage note, the monthly payment due on that negative amortization loan will be recast without regard to the payment cap in order to provide for the outstanding balance of the mortgage loan to be paid in full at its maturity. In addition, on the fifth or, in certain cases, tenth payment adjustment date of a mortgage loan, and every fifth payment adjustment date thereafter and the last payment adjustment date prior to the mortgage loan's maturity, the monthly payment due on that mortgage loan will be recast without regard to the related payment cap in order to provide for the outstanding balance of the mortgage loan to be paid in full at its maturity by the payment of equal monthly installments. If a borrower only makes the scheduled monthly payment after the last payment adjustment date and the mortgage rate rises after that payment adjustment date, the principal balance of the mortgage loan will be increased by the related deferred interest resulting in a final lump sum payment due at maturity that is greater than the monthly payment due on such date.

In the case of mortgage loans with a ten-year recast provision, it is more likely that the monthly payment will be recast because of the applicable maximum negative amortization limit. These features may affect the rate at which principal on these mortgage loans is paid and may create a greater risk of default if the borrowers are unable to pay the monthly payments on the related increased principal balances.

Your Yield Will Be Affected By The Inclusion of 40-Year Mortgage Loans

Approximately 21.57% of the initial mortgage loans, by aggregate stated principal balance of the initial mortgage loans as of the initial cut-off date, have original terms to maturity of 40 years. Loans with original terms to maturity of 40 years have only begun to be originated recently. As a result, there is no basis on which to predict the performance characteristics of these mortgage loans.

The longer term to maturity of 40-year mortgage loans results in a lower monthly payment than would be required by a traditional 30-year mortgage loan. The lower monthly payment may allow the borrower to borrow a larger amount than would have been the case for a mortgage loan with a 30-year term to maturity.

In running the prepayment scenarios required by the rating agencies that are expected to provide ratings on the offered certificates, all of the offered certificates are assumed to mature within 30 years. However, due to the inclusion of 40-year mortgage loans in the mortgage pool, there is no guarantee that the certificates will be fully paid within 30 years.

The 40-year mortgage loans may have risks and payment characteristics that are not present with traditional 30-year mortgage loans, including the following:

- less principal will be distributed to certificateholders on a monthly basis (except in the case of a prepayment) which may extend the weighted average lives of the certificates,
- due to the smaller monthly payment, 40-year mortgage loans may be less likely to be prepaid since the perceived benefits of refinancing may be less than with a 30-year fully amortizing mortgage loan, and
- if a 40-year mortgage loan defaults, the severity of loss is likely to be greater due to the larger unpaid principal balance.

The 40-year mortgage loans also are negative amortization mortgage loans. The combination of a longer term to maturity with the possibility of accruing interest on an increasing principal balance may produce unanticipated payment performance.

Balloon Loans May Have High Rates of Default

Approximately 0.19% of the initial mortgage loans, by aggregate stated principal balance of the initial mortgage loans as of the initial cut-off date, require the related borrower to make monthly payments of principal that are less than sufficient to amortize such mortgage loans by their maturity. These loans are commonly called "balloon loans." As a result of these lower monthly payments, a borrower generally will be required to pay a large remaining principal balance upon the maturity of such balloon loan. The ability of a borrower to make such a payment may depend on his or her ability to obtain refinancing of the balance due on the mortgage loan. In addition, an increase in prevailing market interest rates over the loan rate on the mortgage loan at origination may reduce the borrower's ability to obtain refinancing and to pay the principal balance of the mortgage loan at its maturity.

The Yields On Your Certificates May Be Affected By Changes In Interest Rates And The Net Rate Cap

The pass-through rate on each class of LIBOR Certificates will be equal to the level of one-month LIBOR plus a margin, subject to the net rate cap. The net rate cap is based on the weighted average of the adjusted net mortgage rates for the mortgage loans, adjusted for amounts on deposit in the pre-funding account. Thus, the yields to investors in the LIBOR Certificates will be sensitive to fluctuations in the level of one-month LIBOR and may be adversely affected by the application of the net rate cap.

If the pass-through rate on any class of LIBOR Certificates is limited by the net rate cap, the resulting interest shortfall may be paid on that distribution date or (except in the case of the Class B Certificates) on future distribution dates, from amounts distributable as interest on one or more of the IO Components, in the manner and priority described in this prospectus supplement. If the interest shortfalls specified in the preceding sentence are not paid to the Class B Certificates on the related distribution date, the Class B Certificates will not be entitled to receive such amounts on future distribution dates.

Investors in the LIBOR Certificates need to be aware that, if for any distribution date, the pass-through rates for any of the LIBOR Certificates are limited by the net rate cap, the IO Components may receive no distributions of interest on that distribution date, and therefore, no interest distributions on those components will be deposited in the carryover shortfall reserve fund to pay any carryover shortfall amounts of the LIBOR Certificates on that distribution date. Amounts in respect of interest distributions on an IO Component will only be deposited in the carryover shortfall reserve fund on future distribution dates if the pass-through rates on the related LIBOR Certificates are less than the net rate cap. We cannot assure you that any distributions of interest on an IO Component will be available, or sufficient, to pay any carryover shortfall amounts on the related LIBOR Certificates on any distribution date.

The Class A-3A policy does not cover carryover shortfall amounts on the Class A-3A Certificates.

Difference Between Mortgage Rates And Pass-Through Rates May Result In Interest Shortfalls To Certificates

The mortgage rate on a substantial majority of the mortgage loans will be based on the level of one-year MTA, which is a 12-month average of the monthly yields on U.S. Treasury securities, adjusted to a constant maturity of one year and the mortgage rate on some of the mortgage loans will be based on the level of 11th District COFI, which is an average of the cost of funds of savings institutions in Arizona, California and Nevada. Therefore, a lack of correlation exists between the level of the index used to determine the pass-through rates on the LIBOR Certificates and the index used to determine the mortgage rates on substantially all of the mortgage loans. Generally, the nature of one-year MTA and 11th District COFI will cause those indices to rise or fall more slowly than one-month LIBOR, and the indices may move in opposite directions. We cannot assure you as to the level, rate or timing of changes in any index. If the mismatch in the rates on the underlying mortgage loans and the certificates is significant, it may, all other things being equal, result in a shortfall in the amount of interest distributable on the certificates.

Your Yield Will Be Affected By How Distributions Are Allocated To The Certificates

The timing of principal payments on the certificates will be affected by a number of factors, including:

- the extent of principal payments on the mortgage loans,
- how payments of principal are allocated among the classes of certificates,
- whether the master servicer exercises its right, in its sole discretion, to terminate the issuing entity in its entirety when it is permitted to do so,
- the rate and timing of payment defaults and losses on the mortgage loans,
- whether the master servicer exercises its option to purchase certain delinquent and defaulted mortgage loans,
- repurchases of mortgage loans for material breaches of representations and warranties,
- the extent of principal prepayments on the mortgage loans and the extent of deferred interest on those mortgage loans, and
- the availability of supplemental mortgage loans.

Because distributions on the certificates are dependent upon the payments on the mortgage loans, we cannot guarantee the amount of any particular payment or the amount of time that will elapse before the issuing entity is terminated.

The master servicer is permitted to purchase certain early payment delinquent mortgage loans from the issuing entity as described under “*Description of the Certificates—Optional Purchase of Defaulted Loans and Certain Delinquent Loans*” in this prospectus supplement. Many factors could affect the decision of the master servicer to exercise its option to purchase a mortgage loan that is eligible for purchase, including the master servicer’s financial ability, the impact on distributions to the holders of the certificates and the state of the business relationship between the master servicer or any of its affiliates and the unaffiliated seller, including whether the unaffiliated seller of that mortgage loan is willing or able to purchase that mortgage loan. The master servicer is not required to take your interests into account when deciding whether or not to exercise the option.

See “*Description of the Certificates—Principal,*” and “*—Optional Termination*” in this prospectus supplement for a description of the manner in which principal will be distributed to the certificates. See “*Description of the Certificates—Optional Purchase of Defaulted Loans and Certain Delinquent Loans*” in this prospectus supplement for a description of the master servicer’s option to purchase certain mortgage loans. See “*The Mortgage Pool—Assignment of the Mortgage Loans*” in this prospectus supplement for more information regarding the repurchase or substitution of mortgage loans.

Subordinated Certificates Have A Greater Risk Of Loss Because Of Subordination; Credit Enhancement May Not Be Sufficient To Protect Senior Certificates From Losses

Except for the Class A-3A Certificates, the certificates are not insured by any certificate guaranty insurance policy. The subordination features are intended to enhance the likelihood that senior certificateholders will receive regular payments of interest and principal.

Subordination. Credit enhancement will be provided for the certificates, first, by the right of the holders of certificates to receive payments of principal before the classes subordinated to them and, second, by the allocation of realized losses to the subordinated certificates in the reverse order of their priority of distribution. This form of credit enhancement uses collections on the mortgage loans otherwise payable to holders of subordinated classes to pay amounts due on more senior classes of certificates. Collections otherwise payable to subordinated classes comprise the sole source of funds from which this type of credit enhancement is provided. Realized losses are allocated first to the subordinated certificates in the reverse order of their priority of distribution, beginning with the subordinated certificates then outstanding with the lowest distribution priority, until the class certificate balance of each class of subordinated certificates has been reduced to zero and then to the senior certificates. Accordingly, if the aggregate class certificate balance of each class of subordinated certificates were to be reduced to zero, delinquencies and defaults on the mortgage loans would reduce the amount of funds available for monthly distributions to holders of the senior certificates.

Any realized losses allocable to the senior certificates will be allocated pro rata to the senior certificates (other than the IO Components) until their respective class certificate balances or component principal balance, as applicable, are reduced to zero; provided, however, that any realized losses otherwise allocable to

- the Class A-1 and Class A-2 Certificates will be allocated sequentially, first, to the Class A-3A and Class A-3B Certificates, concurrently and on a pro rata basis, until their respective class certificate balances have been reduced to zero, and second, to the Class A-2 Certificates until its class certificate balance is reduced to zero, and
- the Class A-5 Certificates will be allocated to the Class A-4 Certificates until its class certificate balance is reduced to zero.

Investors in the classes of super senior certificates should note that the initial class certificate balance of the applicable class of senior support certificates is substantially lower than the initial class certificate balances of the related class or classes of super senior certificates, and consequently, the classes of senior support certificates will be able to absorb only a limited amount of realized losses that are otherwise allocable to the related class or classes of super senior certificates.

Any realized losses allocable to the Class A-3A Certificates will be covered by the Class A-3A policy. If the Class A-3A insurer were to fail to perform its obligations under the Class A-3A policy, then the holders of the certificates could experience a loss on their investment.

Among the classes of subordinated certificates, the Class M Certificates will have a higher distribution priority than the Class B Certificates. Within the Class M and Class B Certificates, each class of certificates will have a higher distribution priority than those classes of certificates, if any, with a higher numerical designation.

See "Description of the Certificates—Allocation of Losses" in this prospectus supplement and "Credit Enhancement—Subordination" in this prospectus supplement and in the prospectus.

Certain Interest Shortfalls Will Be Allocated To The Certificates Which Could Result In Shortfalls On The Payments Of The Certificates

When a borrower makes a full or partial prepayment on a mortgage loan, the amount of interest that the borrower is required to pay may be less than the amount of interest holders of certificates related to that mortgage loan would otherwise be entitled to receive with respect to the mortgage loan. The master servicer is required to reduce its master servicing fee to offset this shortfall, but the reduction for any distribution date is limited to one-half of the master servicing fee for the related month. If the aggregate amount of interest shortfalls resulting from prepayments on the mortgage loans exceeds the amount of the reduction in the master servicing fee, the interest entitlement for each class of certificates will be reduced proportionately by the amount of this excess.

In addition, your certificates may be subject to certain shortfalls in interest collections arising from the application of the Servicemembers Civil Relief Act and similar state laws (collectively referred to as the Relief Act). The Relief Act limits the interest charged on a mortgage loan for certain borrowers in excess of 6% per annum during the period of the borrower's active duty. These shortfalls are not required to be paid by the borrower at any future time, will not be offset by a reduction in the master servicing fee, and will reduce the accrued interest on each related class of certificates on a pro rata basis.

Investors in the Class A-3A Certificates should be aware that the Class A-3A policy will not cover interest shortfalls attributable to prepayments on the mortgage loans or application of the Relief Act.

See "Risk Factors—Impact Of World Events" in the prospectus.

Mortgage Loans Do Not Have A Monthly Payment Due In The First Period

Approximately 10.46% of the initial mortgage loans, by aggregate stated principal balance of the initial mortgage loans as of the initial cut-off date, have an initial payment date after the due date in the month of the first distribution date. Countrywide Home Loans, Inc. will deposit an amount equal to one month's interest on these loans into the distribution account prior to the first distribution date. As a result, there will be no principal paid with respect to these loans on the first distribution date. In addition, if Countrywide Home Loans, Inc. were unable or unwilling to deposit such amount, there would not be enough interest collections to distribute the required amount of interest on the certificates.

Certificates May Not Be Appropriate For Some Investors

The offered certificates may not be an appropriate investment for investors who do not have sufficient resources or expertise to evaluate the particular characteristics of each applicable class of offered certificates. This may be the case because, among other things:

- the yield to maturity of offered certificates purchased at a price other than par will be sensitive to the uncertain rate and timing of principal prepayments on the mortgage loans,
- the rate of principal distributions on, and the weighted average lives of, the offered certificates will be sensitive to the uncertain rate and timing of principal prepayments and to changes in interest rates and how they affect the payment of principal and the accrual of deferred interest on the mortgage loans and the priority of principal distributions among the classes of certificates. Accordingly, the offered certificates may be an inappropriate investment if you require a distribution of a particular amount of principal on a specific date or an otherwise predictable stream of distributions,
- you may not be able to reinvest distributions on an offered certificate (which, in general, are expected to be greater during periods of relatively low interest rates) at a rate at least as high as the pass-through rate applicable to your certificate, or
- a secondary market for the offered certificates may not develop or provide certificateholders with liquidity of investment.

The Class X-P Certificates Are Subject To Special Risks

The yield to maturity on the Class X-P Certificates will be especially sensitive to the level of prepayments on the mortgage loans with higher interest rates. The pass-through rate on each IO Component will be calculated based upon the excess, if any, of the weighted average of the adjusted net mortgage rates of the mortgage loans (adjusted for amounts on deposit in the pre-funding account) over the weighted average of the pass-through rates of certain of the senior certificates or the subordinated certificates, as applicable.

The prepayment of mortgage loans with relatively higher adjusted net mortgage rates may result in a lower weighted average adjusted net mortgage rate and, thus, may reduce the pass-through rate on the IO Components to as little as 0%.

Increases in one-month LIBOR will increase the weighted average pass-through rate on the LIBOR Certificates, which would also reduce the pass-through rate on the IO Components of the Class X-P Certificates. If, for any distribution date, the weighted average adjusted net mortgage rate of the mortgage loans is less than or equal to the weighted average of the pass-through rates on the related LIBOR Certificates, the applicable IO Component of the Class X-P Certificates will receive no distributions of interest on that distribution date.

The Class X-P Certificates have an IO component that is related to the subordinated certificates. Any reduction in the aggregate class certificate balance of the subordinated certificates, whether as a result of principal distributions, realized losses or other shortfalls in available funds that results in a reduction of such aggregate class certificate balance, will reduce the notional amount of the related IO Component. Investors in the Class X-P Certificates will bear indirectly all of the risks of the subordinated certificates.

Although the distribution to the Class X-P Certificates of the prepayment charges collected by the master servicer could mitigate some of the risks to the Class X-P Certificates arising from higher than expected prepayments on the mortgage loans, there can be no assurance that:

- a sufficient amount of prepayment charges will be collected to offset reduced distributions to the Class X-P Certificates due to prepayments; and
- the rate of prepayments will be uniform across the mortgage loans, regardless of their mortgage rates.

Distributions of prepayment charges to the Class X-P Certificates will not mitigate the risk of a reduction on the distributions to the Class X-P Certificates arising due to prepayments of mortgage loans with higher mortgage rates. In addition, the prepayment charges expire within periods of up to three years after origination of the related mortgage loans. If a mortgage loan is prepaid after the expiration of the applicable prepayment charge period, there will be no benefit to the Class X-P Certificates.

Investors in the Class X-P Certificates should conduct their own analysis of the effect that prepayments on the mortgage loans may have on the performance of the Class X-P Certificates. The issuing entity makes no representation as to the effect that higher or lower prepayment rates on the mortgage loans may have on the yield to maturity of any Class X-P Certificates.

The ratings on the Class X-P Certificates do not address whether the related investors will recoup their initial investment.

See "Yield, Prepayment and Maturity Consideration" in this prospectus supplement.

Nature Of Prepayment Charges May Affect Distributions To The Class X-P Certificates

The terms of certain of the mortgage loans provide for payment by the related borrower of a prepayment charge in limited circumstances on certain prepayments within periods of up to three years after origination. The table titled "Prepayment Charge Schedule" attached to this prospectus supplement as Annex A and the table titled "Prepayment Charge Periods at Origination" under "The Mortgage Pool" in this prospectus supplement provide more detailed information with respect to the prepayment charges applicable to the initial mortgage loans.

The payment of any otherwise applicable prepayment charge for a mortgage loan may not be waived by the master servicer, except in certain limited circumstances. If the master servicer waives a prepayment charge for a mortgage loan other than in those limited circumstances, the master servicer is required to timely remit the amount of the prepayment charge (or portion that was waived) to the trustee for distribution to the Class X-P Certificates. In certain cases, the prepayment charge associated with a particular mortgage loan is permitted to be waived but the master servicer is not required to make any payment in respect thereof (e.g., foreclosure or bankruptcy of the borrower), which will reduce amounts available for distribution to the Class X-P Certificates.

Distributions on the Class X-P Certificates are dependent on the rate

of prepayment of the mortgage loans (which are structured to discourage prepayment) and the rate of collection (or payments by the master servicer due to waivers) of the prepayment charges on the mortgage loans. Thus, the Class X-P Certificates may not receive any distributions of prepayment charges from time to time or over its life. There is no mechanism in place to monitor whether the correct amount of prepayment charges are being collected or otherwise remitted. If none of the mortgage loans with prepayment charges were to prepay during the related prepayment charge periods, the Class X-P Certificates would not receive any distributions of prepayment charges. If there are fewer prepayments by borrowers on the mortgage loans than expected during the related prepayment charge periods or a lesser than expected rate of collection, a reduced amount of prepayment charges on the mortgage loans will be collected resulting in a lower amount of distributions on the Class X-P Certificates, and investors in the Class X-P Certificates may not recoup their initial investments.

Investors should conduct their own analysis of the effect that prepayment charges, or the ability of the master servicer to waive or enforce prepayment charges, may have on the performance of the mortgage loans and on the Class X-P Certificates. The ratings on the Class X-P Certificates do not address whether or not prepayment charges will be collected and distributed.

See "Yield, Prepayment and Maturity Considerations" in this prospectus supplement.

Geographic Concentration Increases Risk That Certificate Yields Could Be Impaired

The table titled "State Distribution of Mortgaged Properties" under "The Mortgage Pool" in this prospectus supplement sets forth the geographic concentration of the mortgaged properties related to the initial mortgage loans, including the percentage by aggregate stated principal balance of the initial mortgage loans as of the initial cut-off date, that are secured by property located in California and Florida. Homes in California are more susceptible than homes located in other parts of the country to some types of uninsurable hazards, such as earthquakes, floods, mudslides and other natural disasters. Homes in Florida and other parts of the southeastern United States are more likely to suffer uninsurable damage from tropical storms and hurricanes than homes in other parts of the country. In addition,

- economic conditions in states with significant concentrations (which may or may not affect real property values) may affect the ability of borrowers to repay their loans on time,
- declines in the residential real estate markets in states with significant concentrations may reduce the values of properties located in these states, which would result in an increase in the loan-to-value ratios, and
- any increase in the market value of properties located in states with significant concentrations would reduce the loan-to-value ratios and could, therefore, make alternative sources of financing available to the borrowers at lower interest rates, which could result in an increased rate of prepayment of the mortgage loans.

Inability To Replace Master Servicer Could Affect Collections And Recoveries On The Mortgage Loans

The structure of the master servicing fee might affect the ability to find a replacement master servicer. Although the trustee is required to replace the master servicer if the master servicer is terminated or resigns, if the trustee is unwilling (including for example because the master servicing fee is insufficient) or unable (including for example, because the trustee does not have the systems to service mortgage loans), it may be necessary to appoint a replacement master servicer. Because the master servicing fee is structured as a percentage of the stated principal balance of each mortgage loan, it may be difficult to replace the master servicer at a time when the balance of the mortgage loans has been significantly reduced because the fee may be insufficient to cover the costs associated with servicing the mortgage loans and related REO properties remaining in the pool. The performance of the mortgage loans may be negatively impacted, beyond the expected transition period during a servicing transfer, if a replacement master servicer is not retained within a reasonable amount of time.

Hurricane Katrina May Pose Special Risks

At the end of August 2005, Hurricane Katrina caused catastrophic damage to areas in the Gulf Coast region of the United States. Countrywide Home Loans will represent and warrant as of the closing date that each mortgaged property (including each mortgaged property located in the areas affected by Hurricane Katrina) is free of material damage and in good repair. In the event of a breach of that representation and warranty, Countrywide Home Loans will be obligated to repurchase or substitute for the related mortgage loan. A repurchase would have the effect of increasing the rate of principal payment on the certificates. Any damage to a mortgaged property that secures a mortgage loan in the issuing entity occurring after the closing date as a result of any other casualty event will not cause a breach of this representation and warranty.

The full economic impact of Hurricane Katrina is uncertain but may affect the ability of borrowers to make payments on their mortgage loans. Initial economic effects appear to include:

- localized areas of nearly complete destruction of the economic infrastructure and cessation of economic activity,
- regional interruptions in travel and transportation, tourism and economic activity generally, and
- nationwide decreases in petroleum availability with a corresponding increase in price.

We have no way to determine whether other effects will arise, how long any of these effects may last, or how these effects may impact the performance of the mortgage loans. Any impact of these events on the performance of the mortgage loans may increase the amount of losses borne by the holders of the certificates or impact the weighted average lives of the certificates.

**Possible Prepayment On The Senior
Certificates Due To Inability To Acquire
Supplemental Mortgage Loans**

The ability of the issuing entity to acquire supplemental mortgage loans depends on the ability of Countrywide Home Loans, Inc. to originate or acquire mortgage loans during the period ending no later than the last day of the calendar month following the month in which the closing date occurs that meet the eligibility criteria for supplemental mortgage loans described in this prospectus supplement. The ability of Countrywide Home Loans, Inc. to originate or acquire eligible supplemental mortgage loans will be affected by a number of factors including prevailing interest rates, employment levels and economic conditions, generally.

If any of the amounts on deposit in the pre-funding account allocated to purchase supplemental mortgage loans cannot be used for that purpose, those amounts will be distributed to holders of the senior certificates as a prepayment of principal no later than the second distribution date.

Some of the statements contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus consist of forward-looking statements relating to future economic performance or projections and other financial items. These statements can be identified by the use of forward-looking words such as “may,” “will,” “should,” “expects,” “believes,” “anticipates,” “estimates,” or other comparable words. Forward-looking statements are subject to a variety of risks and uncertainties that could cause actual results to differ from the projected results. Those risks and uncertainties include, among others, general economic and business conditions, regulatory initiatives and compliance with governmental regulations, customer preferences and various other matters, many of which are beyond our control. Because we cannot predict the future, what actually happens may be very different from what we predict in our forward-looking statements.

The Mortgage Pool

General

The depositor, CWALT, Inc. (the “*depositor*”), will purchase the mortgage loans in the mortgage pool (which are collectively referred to as the “*Mortgage Loans*”) from Countrywide Home Loans, Inc. (“*Countrywide Home Loans*”) and one or more other sellers affiliated with Countrywide Financial Corporation (each of which is referred to as a “*seller*” and together they are referred to as the “*sellers*”) pursuant to a pooling and servicing agreement, dated as of November 1, 2006 (the “*pooling and servicing agreement*”), among the sellers, Countrywide Home Loans Servicing LP, as master servicer (the “*master servicer*”), the depositor and The Bank of New York, as trustee (the “*trustee*”), and will cause the Mortgage Loans to be assigned to the trustee for the benefit of the holders of the certificates. The mortgage loans that are purchased by the depositor and assigned to the trustee on the closing date and that are listed in the tables in this section are referred to as the “*Initial Mortgage Loans*”. The Initial Mortgage Loans, together with any other mortgage loans that are purchased by the depositor and assigned to the trustee on the closing date, are referred to as the “*Closing Date Mortgage Loans*”. Each seller, other than Countrywide Home Loans, will be a special purpose entity established by Countrywide Financial Corporation or one or more of its subsidiaries, which will sell mortgage loans previously acquired from Countrywide Home Loans.

Under the pooling and servicing agreement, Countrywide Home Loans will make certain representations, warranties and covenants to the depositor relating to, among other things, the due execution and enforceability of the pooling and servicing agreement and certain characteristics of the Mortgage Loans. In addition, each of the sellers will represent and warrant that, prior to the sale of the related Mortgage Loans to the depositor, the applicable seller had good title to the Mortgage Loans sold by it, was the sole owner of those Mortgage Loans free and clear of any pledge, lien, encumbrance or other security interest and had full right and authority, subject to no interest or participation of, or agreement with, any other party, to sell and assign those Mortgage Loans pursuant to the pooling and servicing agreement. Subject to the limitations described in the next sentence and under “—Assignment of the Mortgage Loans,” Countrywide Home Loans (or the related seller, in the case of the representation regarding good title) will be obligated to repurchase or substitute a similar mortgage loan for any Mortgage Loan as to which there exists deficient documentation or as to which there has been an uncured breach of any representation or warranty relating to the characteristics of that Mortgage Loan that materially and adversely affects the interests of the certificateholders in that Mortgage Loan. Countrywide Home Loans will represent and warrant to the depositor in the pooling and servicing agreement that the Mortgage Loans were selected from among the outstanding one- to four-family mortgage loans in Countrywide Home Loans’ portfolio as to which the representations and warranties set forth in the pooling and servicing agreement can be made and that the selection was not made in a manner intended to adversely affect the interests of the certificateholders. See “*Loan Program—Representations by Sellers; Repurchases*” in the prospectus.

Under the pooling and servicing agreement, the depositor will assign all of its right, title and interest in the representations, warranties and covenants (including the sellers’ repurchase or substitution obligations) to the trustee for the benefit of the certificateholders. The depositor will represent that following the transfer of the Mortgage Loans to it by the sellers, the depositor had good title to the Mortgage Loans and that each of the mortgage notes was subject to no offsets, defenses or counterclaims. The depositor will make no other representations or warranties with respect to the Mortgage Loans and will have no obligation to repurchase or substitute Mortgage Loans with deficient documentation or which are otherwise defective. The sellers are selling the Mortgage Loans without recourse and will have no obligation with respect to the certificates in their respective capacities as sellers other than the repurchase or substitution obligations described above. The obligations of the master servicer with respect to the certificates are limited to the master servicer’s contractual servicing obligations under the pooling and servicing agreement.

The statistical information with respect to the Initial Mortgage Loans set forth in this prospectus supplement is based on the Stated Principal Balance of each Initial Mortgage Loan as of the later of (x) November 1, 2006 and (y) the date of origination of that Initial Mortgage Loan (referred to as the “*initial cut-off date*”). The depositor believes that the information set forth in this prospectus supplement regarding the Initial Mortgage Loans is representative of the characteristics of the Closing Date Mortgage Loans that will be delivered on the closing date as well as the final mortgage pool at the end of the Funding Period. However, certain Initial Mortgage Loans may prepay or may be determined not to meet the eligibility requirements for inclusion in the final mortgage pool. A

limited number of mortgage loans may be added to or substituted for the Initial Mortgage Loans that are described in this prospectus supplement, although any addition or substitution will not result in a material difference in the final mortgage pool on the closing date. As a result, the initial cut-off date information regarding the Closing Date Mortgage Loans will vary somewhat from the initial cut-off date information regarding the Initial Mortgage Loans presented in this prospectus supplement.

As of the initial cut-off date, the aggregate Stated Principal Balance of the Initial Mortgage Loans in the mortgage pool was approximately \$921,320,354, which is referred to as the “**Initial Cut off Date Pool Principal Balance**.” The Initial Cut-off Date Pool Principal Balance of the Mortgage Loans is subject to a variance of plus or minus 10%.

As of the initial cut-off date, approximately 87.20% of the Initial Mortgage Loans by aggregate principal balance of the Initial Mortgage Loans were originated by Countrywide Home Loans, Inc., and the remainder of the Initial Mortgage Loans were originated by unrelated third parties.

All of the Mortgage Loans to be included in the issuing entity will be evidenced by promissory notes secured by first lien deeds of trust, security deeds or mortgages on one- to four-family residential properties. Substantially all of the Initial Mortgage Loans have original terms to maturity of 30 years or 40 years. The principal balance of each Initial Mortgage Loan as of the initial cut-off date reflects the application of scheduled payments of principal due on the Initial Mortgage Loan on or prior to the initial cut-off date, whether or not received, and any amounts of Deferred Interest added to the Stated Principal Balance of such Initial Mortgage Loan as a result of negative amortization (as described below). Whenever reference is made in this prospectus supplement to a percentage of some or all of the Initial Mortgage Loans, that percentage is determined on the basis of the Stated Principal Balances of such Initial Mortgage Loans as of the initial cut-off date, unless otherwise specified.

All of the Initial Mortgage Loans provide that payments are due on the first day of each month (the “**Due Date**”). Scheduled monthly payments made by the borrowers on the Mortgage Loans (referred to as “**scheduled payments**”) either earlier or later than their scheduled Due Dates will not affect the amortization schedule or the relative application of the payments to principal and interest.

Except for certain of the Initial Mortgage Loans as specified in the table below, the borrowers may prepay their Mortgage Loans at any time without payment of a prepayment charge. Any prepayment charges received on the Mortgage Loans will only be distributed to the Class X-P Certificates.

Number of Initial Mortgage Loans with Prepayment Charges	Percentage of Aggregate Initial Cut-off Date Stated Principal Balance
2,051	82.61%

The mortgage rate (the “**Mortgage Rate**”) of each of the Mortgage Loans will adjust in accordance with the terms of the related Mortgage Note. The Mortgage Loans will provide for the adjustment to their respective Mortgage Rates at the end of the initial fixed-rate period, if any, and monthly thereafter (each such date, an “**Adjustment Date**”) to equal the sum of the applicable Mortgage Index and the fixed percentage amount specified in the related mortgage note (the “**Gross Margin**”). The “**Mortgage Index**” for the Mortgage Rate (i) for a substantial majority of the Initial Mortgage Loans is the twelve-month average monthly yield on U.S. Treasury Securities adjusted to a constant maturity of one-year, as published by the Federal Reserve Board in the Federal Reserve Statistical Release “Selected Interest Rates (H.15)” (“**One-Year MTA**”), (ii) for some of the Initial Mortgage Loans is the monthly weighted average cost of funds for depository institutions that have home offices located in Arizona, California or Nevada and that are members of the Eleventh District of the Federal Home Loan Bank System as computed from statistics tabulated and published by the Federal Home Loan Bank of San Francisco as most recently available generally as of a day specified in the related note (“**Eleventh District COFT**”) and (iii) for some of the Initial Mortgage Loans is the London interbank offered rate for one-month U.S. dollar deposits as listed under “Money Rates” in The Wall Street Journal most recently available as of the first day of the month prior to the month of such Adjustment Date (with respect to the Mortgage Loans, “**One-Month LIBOR**”). If a Mortgage Index is no longer available, the Mortgage Index will be a new index selected by the master servicer based on comparable information.

All of the Mortgage Loans are “*Negative Amortization Loans*.” The Mortgage Rates for the Negative Amortization Loans are generally fixed for the one to three month period beginning with the month prior to the month in which the first scheduled payment occurs under the mortgage note (and the related Mortgage Rate during such time period generally is less than the sum of the applicable Mortgage Index and the related Gross Margin) and then they adjust monthly, but the scheduled payments on the Negative Amortization Loans adjust annually on a date specified in the related mortgage note, subject to the conditions (the “*Payment Caps*”) that:

- the amount of the monthly payment (with the exception of the fifth or tenth payment adjustment date, as applicable, and each fifth payment adjustment date thereafter and the final payment adjustment date) will not increase or decrease by an amount that is more than 7.50% of the monthly payment prior to the adjustment,
- as of the fifth payment adjustment date and on the same date every fifth year thereafter or, in the case of approximately 50.72% of the Initial Mortgage Loans, by aggregate Stated Principal Balance of the Initial Mortgage Loans as of the initial cut-off date, as of the tenth payment adjustment date and on the same date every fifth year thereafter and, in each case, on the last payment adjustment date, the monthly payment will be recast without regard to the limitation in the first bullet point above, and
- if the unpaid principal balance exceeds 110% or 115%, as applicable, of the original principal balance due to Deferred Interest, the monthly payment will be recast without regard to the limitation in the first bullet point above in order to amortize fully the then unpaid principal balance of the Negative Amortization Loan over its remaining amortization term.

Since the Mortgage Rates on the Mortgage Loans adjust at a different time than the monthly payments thereon and the Payment Caps may limit the amount by which the monthly payments may adjust, the amount of a monthly payment may be more or less than the amount necessary to amortize fully the principal balance of the Negative Amortization Loan over its then remaining term at the applicable Mortgage Rate. Accordingly, Negative Amortization Loans may be subject to:

- reduced amortization (if the monthly payment due on a Due Date is sufficient to pay interest accrued during the related accrual period at the applicable Mortgage Rate but is not sufficient to reduce principal in accordance with a fully amortizing schedule),
- negative amortization (if interest accrued during the related accrual period at the applicable Mortgage Rate is greater than the entire monthly payment due on the related Due Date (which is referred to as “*Deferred Interest*”), or
- accelerated amortization (if the monthly payment due on a Due Date is greater than the amount necessary to pay interest accrued during the related accrual period at the applicable Mortgage Rate and to reduce principal in accordance with a fully amortizing schedule).

Any Deferred Interest is added to the principal balance of the applicable Negative Amortization Loan and, if such Deferred Interest is not offset by subsequent accelerated amortization, it may result in a final lump sum payment at maturity greater than, and potentially substantially greater than, the monthly payment due in the immediately preceding Due Period.

Approximately 0.19% of the Initial Mortgage Loans, by aggregate Stated Principal Balance of the Initial Mortgage Loans as of the initial cut-off date, are 40/30 Balloon Mortgage Loans (the “*Balloon Loans*”). A “*40/30 Balloon Mortgage Loan*” has an original amortization term of 40 years and an original term to maturity of 30 years.

Adjustments to the Mortgage Rate for each Mortgage Loan are subject to a lifetime maximum interest rate (the “*Maximum Mortgage Rate*”). After the introductory period of one to three months during which the Mortgage Rate is fixed, each Mortgage Loan specifies a lifetime minimum interest rate (the “*Minimum Mortgage Rate*”), which is generally equal to the Gross Margin for that Mortgage Loan.

The earliest first payment date for any Initial Mortgage Loan was October 1, 2004. The earliest stated maturity date of any Initial Mortgage Loan is September 1, 2034. The latest stated maturity date of any Initial Mortgage Loan is December 1, 2046.

As of the initial cut-off date, no Initial Mortgage Loan was 30 or more days delinquent.

The following table sets forth the number of Initial Mortgage Loans, the aggregate Stated Principal Balance of those Initial Mortgage Loans and the percentage of the Initial Mortgage Loans that have been delinquent for 30 or more days, one or more times in the twelve months preceding the cut-off date:

Delinquency Status	Number of Initial Mortgage Loans	Aggregate Principal Balance of Initial Mortgage Loans	Percentage of Initial Mortgage Loans
1 × 30	10	\$ 3,937,191	0.43%
2 × 30	3	\$ 924,123	0.10%
3 × 30	1	\$ 274,959	0.03%
5 × 30	1	\$ 186,971	0.02%
1 × 120	1	\$ 74,666	0.01%
Total	16	\$5,397,910	0.59%

Delinquencies with respect to the Mortgage Loans will be recognized in accordance with the methodology used by the Mortgage Bankers Association of America. Under this methodology, a Mortgage Loan is considered "30 days delinquent" if the borrower fails to make a scheduled monthly payment prior to the close of business on the day immediately preceding the Due Date for the next scheduled monthly payment. A similar methodology is used for determining whether a Mortgage Loan is 60 days delinquent. For example, a Mortgage Loan will be considered 30 days delinquent if the borrower fails to make a scheduled monthly payment originally due on March 1 by the close of business on March 31, and it will be considered 60 days delinquent if the borrower fails to make that scheduled monthly payment by April 30.

As of the initial cut-off date, no Initial Mortgage Loan was subject to a buydown agreement.

No Initial Mortgage Loan had a Loan-to-Value Ratio at origination of more than 95.00%. Generally, each Mortgage Loan with a Loan-to-Value Ratio at origination of greater than 80% will be covered by a primary mortgage guaranty insurance policy issued by a mortgage insurance company acceptable to Fannie Mae or Freddie Mac. The policy provides coverage in an amount equal to a specified percentage multiplied by the sum of the remaining principal balance of the related Mortgage Loan, the accrued interest on it and the related foreclosure expenses. Generally, the specified coverage percentage for mortgage loans with terms to maturity of between 25 and 30 years is, generally,

- 12% for Loan-to-Value Ratios between 80.01% and 85.00%,
- 25% for Loan-to-Value Ratios between 85.01% and 90.00%,
- 30% for Loan-to-Value Ratios between 90.01% and 95.00%, and
- 35% for Loan-to-Value Ratios between 95.01% and 100%.

Generally, the specified coverage percentage for mortgage loans with terms to maturity of up to 20 years ranges from

- 6% to 12% for Loan-to-Value Ratios between 80.01% to 85.00%,
- 12% to 20% for Loan-to-Value Ratios between 85.01% to 90.00%, and
- 20% to 25% for Loan-to-Value Ratios between 90.01% to 95.00%.

The required coverage percentage of mortgage insurance is determined by the type, term and Loan-to-Value Ratio of the mortgage loan and may also vary based on occupancy type. However, under certain circumstances, the specified coverage level may vary from the foregoing. With regard to approximately 2.46% of the Initial Mortgage Loans, by aggregate Stated Principal Balance of the Initial Mortgage Loans as of the initial cut-off date, the lender (rather than the borrower) acquired the primary mortgage guaranty insurance and charged the related borrower an interest premium. Except for these lender acquired mortgage insurance Initial Mortgage Loans, no primary mortgage guaranty insurance policy will be required with respect to any Mortgage Loan if maintaining the policy is prohibited by applicable law or after the date on which the related Loan to Value Ratio is 80% or less or, based on a new appraisal, the principal balance of the Mortgage Loan represents 80% or less of the new appraised value. The primary mortgage guaranty insurance policy will be maintained for the life of any lender acquired mortgage insurance Mortgage Loans, unless otherwise provided in the mortgage note or otherwise prohibited by law.

The “**Loan-to-Value Ratio**” of a mortgage loan at any given time is a fraction, expressed as a percentage, the numerator of which is the principal balance of the related mortgage loan at the date of determination and the denominator of which is the Collateral Value. The “**Collateral Value**” is,

- in the case of a purchase, the lesser of the selling price of the mortgaged property or its appraised value at the time of sale, or
- in the case of a refinance, the appraised value of the mortgaged property at the time of the refinance, except in the case of a mortgage loan underwritten pursuant to Countrywide Home Loans’ Streamlined Documentation Program as described under “—*Underwriting Process*.”

With respect to mortgage loans originated pursuant to Countrywide Home Loans’ Streamlined Documentation Program,

- if the loan-to-value ratio at the time of the origination of the mortgage loan being refinanced was 80% or less and the loan amount of the new loan being originated is \$650,000 or less, then the “Loan-to-Value Ratio” will be the ratio of the principal amount of the new mortgage loan being originated divided by the appraised value of the related mortgaged property at the time of the origination of the mortgage loan being refinanced, as reconfirmed by Countrywide Home Loans using an automated property valuation system; or
- if the loan-to-value ratio at the time of the origination of the mortgage loan being refinanced was greater than 80% or the loan amount of the new loan being originated is greater than \$650,000, then the “Loan-to-Value Ratio” will be the ratio of the principal amount of the new mortgage loan being originated divided by the appraised value of the related mortgaged property as determined by an appraisal obtained by Countrywide Home Loans at the time of the origination of the new mortgage loan. See “—*Underwriting Process*” in this prospectus supplement.

Although all of the Mortgage Loans are secured by first liens, the tables set forth below include the Combined Loan-to-Value Ratios of certain Initial Mortgage Loans. The “**Combined Loan-to-Value Ratio**” of a mortgage loan originated by Countrywide Home Loans is a fraction, expressed as a percentage, the numerator of which is the sum of (i) the principal balance of the mortgage loan at origination and (ii) the outstanding principal balance at origination of the mortgage loan of any junior mortgage loan(s) originated by Countrywide Home Loans contemporaneously with the origination of the senior mortgage loan (or, in the case of any open-ended junior revolving home equity line of credit, the maximum available line of credit with respect to that junior mortgage loan), and the denominator of which is the Collateral Value. If a mortgage loan was originated by Countrywide Home Loans in connection with the refinancing of an existing mortgage loan, the numerator of the Combined Loan-to-Value Ratio for that mortgage loan will also include the outstanding principal balance at origination of any junior mortgage loan(s) originated by Countrywide Home Loans during the 12 months following the origination of the mortgage loan being refinanced. The “**Combined Loan-to-Value Ratio**” of a mortgage loan not originated by Countrywide Home Loans is based on the information provided by the related originator or transferor of the mortgage loan and may or may not reflect the presence or amount of any junior mortgage loan secured by the same mortgaged property.

No assurance can be given that the value of any mortgaged property has remained or will remain at the level that existed on the appraisal or sales date. If residential real estate values generally or in a particular geographic area decline, the Loan-to-Value Ratios might not be a reliable indicator of the rates of delinquencies, foreclosures and losses that could occur with respect to the Mortgage Loans.

The following information sets forth certain characteristics of the Initial Mortgage Loans as of the initial cut-off date. Other than with respect to rates of interest, percentages (approximate) are stated by the aggregate Stated Principal Balance of the Initial Mortgage Loans as of the initial cut-off date. The sum in any column of the following tables may not equal the indicated value due to rounding. In addition, each weighted average FICO credit score set forth below has been calculated without regard to any Initial Mortgage Loan for which the FICO credit score is not available.

INITIAL MORTGAGE LOANS

Loan Program

Loan Program	Number of Initial Mortgage Loans	Aggregate Principal Balance Outstanding	% of Initial Mortgage Loans	Average Principal Balance Outstanding (\$)	Weighted Average Current Mortgage Rate (%)	Weighted Average Remaining Term to Maturity (Months)	Weighted Average FICO Credit Score	Weighted Average Original Loan-to- Value Ratio (%)
One-Year MTA – 40/30 Balloon...	5	\$ 1,786,836	0.19%	357,367	8.193	356	630	75.81
Eleventh District COFI.....	18	7,083,467	0.77	393,526	7.387	396	725	69.41
One-Month LIBOR	166	50,025,509	5.43	301,358	8.118	380	705	76.37
One-Year MTA	2,226	862,424,541	93.61	387,432	5.750	385	706	75.40
Total.....	2,415	\$ 921,320,354	100.00%					

Current Principal Balances⁽¹⁾

Range of Current Mortgage Loan Principal Balances (\$)	Number of Initial Mortgage Loans	Aggregate Principal Balance Outstanding	% of Initial Mortgage Loans	Average Principal Balance Outstanding (\$)	Weighted Average Current Mortgage Rate (%)	Weighted Average Remaining Term to Maturity (Months)	Weighted Average FICO Credit Score	Weighted Average Original Loan-to- Value Ratio (%)
Less than 50,000.01	4	\$ 155,787	0.02%	\$ 38,947	3.740	359	720	75.78
50,000.01-100,000.00.....	54	4,418,304	0.48	81,820	5.850	369	709	72.83
100,000.01-150,000.00	152	19,935,710	2.16	131,156	6.603	383	701	75.07
150,000.01-200,000.00	292	51,353,370	5.57	175,868	6.290	382	700	77.30
200,000.01-250,000.00	299	66,756,396	7.25	223,266	6.447	387	697	77.49
250,000.01-300,000.00	268	73,440,899	7.97	274,033	6.348	387	699	77.48
300,000.01-350,000.00	241	78,049,374	8.47	323,856	6.244	386	698	77.99
350,000.01-400,000.00	238	89,544,350	9.72	376,237	6.293	388	700	77.80
400,000.01-450,000.00	193	82,029,602	8.90	425,024	6.184	388	705	76.26
450,000.01-500,000.00	181	86,071,098	9.34	475,531	5.859	384	711	76.40
500,000.01-550,000.00	108	56,915,469	6.18	526,995	5.686	380	706	77.17
550,000.01-600,000.00	106	61,208,925	6.64	577,443	5.438	387	706	76.85
600,000.01-650,000.00	77	48,592,930	5.27	631,077	5.573	374	712	77.18
650,000.01-700,000.00	25	16,755,131	1.82	670,205	6.159	382	695	69.70
700,000.01-750,000.00	28	20,416,336	2.22	729,155	5.059	368	708	72.55
750,000.01-1,000,000.00	93	79,577,480	8.64	855,672	5.484	388	714	71.39

Range of Current Mortgage Loan Principal Balances (\$)	Number of Initial Mortgage Loans	Aggregate Principal Balance Outstanding	% of Initial Mortgage Loans	Average Principal Balance Outstanding (\$)	Weighted Average Current Mortgage Rate (%)	Weighted Average Remaining Term to Maturity (Months)	Weighted Average FICO Credit Score	Weighted Average Original Loan-to-Value Ratio (%)
1,000,000.01-1,500,000.00	35	45,721,361	4.96	1,306,325	4.177	376	721	68.42
1,500,000.01-2,000,000.00	14	24,643,351	2.67	1,760,239	5.849	385	744	65.21
Greater than 2,000,000.00	7	15,734,480	1.71	2,247,783	5.490	408	710	64.77
Total.....	2,415	\$ 921,320,354	100.00%					

(1) As of the initial cut-off date, the average current mortgage loan principal balance of the Initial Mortgage Loans was approximately \$381,499.

Original Principal Balances

Range of Original Principal Balances (\$)	Number of Initial Mortgage Loans	Aggregate Principal Balance Outstanding	% of Initial Mortgage Loans	Average Principal Balance Outstanding (\$)	Weighted Average Current Mortgage Rate (%)	Weighted Average Remaining Term to Maturity (Months)	Weighted Average FICO Credit Score	Weighted Average Original Loan-to-Value Ratio (%)
Less than 50,000.01	4	\$ 155,787	0.02%	38,947	3.740	359	720	75.78
50,000.01 - 100,000.00	56	4,620,933	0.50	82,517	5.955	368	706	71.53
100,000.01 - 150,000.00	156	20,640,790	2.24	132,313	6.663	384	702	75.17
150,000.01 - 200,000.00	300	53,265,328	5.78	177,551	6.377	383	701	77.56
200,000.01 - 250,000.00	287	64,445,641	6.99	224,549	6.362	386	697	77.23
250,000.01 - 300,000.00	275	75,662,314	8.21	275,136	6.403	387	700	77.20
300,000.01 - 350,000.00	235	76,406,870	8.29	325,136	6.217	387	697	78.35
350,000.01 - 400,000.00	250	94,629,784	10.27	378,519	6.361	388	698	77.66
400,000.01 - 450,000.00	181	77,341,267	8.39	427,300	6.107	388	707	76.31
450,000.01 - 500,000.00	182	86,788,246	9.42	476,858	5.874	384	711	76.43
500,000.01 - 550,000.00	108	57,172,474	6.21	529,375	5.710	381	705	77.17
550,000.01 - 600,000.00	103	59,632,201	6.47	578,953	5.345	388	708	77.00
600,000.01 - 650,000.00	82	51,981,032	5.64	633,915	5.786	376	709	76.09
650,000.01 - 700,000.00	18	12,161,782	1.32	675,655	5.201	372	698	71.39
700,000.01 - 750,000.00	29	20,745,305	2.25	715,355	5.304	367	707	72.05
750,000.01 - 1,000,000.00	94	80,572,540	8.75	857,155	5.465	388	715	71.52
1,000,000.01 - 1,500,000.00	35	46,228,521	5.02	1,320,815	4.192	376	721	67.40
1,500,000.01 - 2,000,000.00	13	23,135,059	2.51	1,779,620	5.757	387	744	66.79
Greater than 2,000,000.00	7	15,734,480	1.71	2,247,783	5.490	408	710	64.77
Total.....	2,415	\$ 921,320,354	100.00%					

State Distribution of Mortgaged Properties⁽¹⁾

State	Number of Initial Mortgage Loans	Aggregate Principal Balance Outstanding	% of Initial Mortgage Loans	Average Principal Balance Outstanding (\$)	Weighted Average Current Mortgage Rate (%)	Weighted Average Remaining Term to Maturity (Months)	Weighted Average FICO Credit Score	Weighted Average Original Loan-to- Value Ratio (%)
Alabama.....	9	\$ 1,573,834	0.17%	174,870	6.461	359	691	85.25
Alaska.....	1	247,629	0.03	247,629	7.625	354	730	80.00
Arizona.....	127	36,460,151	3.96	287,088	6.830	377	707	77.02
California.....	977	466,649,783	50.65	477,635	5.778	389	708	74.30
Colorado.....	28	9,470,554	1.03	338,234	5.200	368	715	74.93
Connecticut.....	13	5,140,416	0.56	395,417	6.596	389	697	74.00
Delaware.....	1	452,700	0.05	452,700	7.875	359	722	80.00
District of Columbia.....	10	3,216,570	0.35	321,657	7.540	391	702	69.37
Florida.....	472	144,483,401	15.68	306,109	6.169	385	699	78.01
Georgia.....	15	4,120,533	0.45	274,702	3.457	365	696	80.52
Hawaii.....	22	10,463,114	1.14	475,596	7.164	382	703	76.01
Idaho.....	15	4,675,245	0.51	311,683	7.405	393	720	70.25
Illinois.....	56	22,255,421	2.42	397,418	4.596	366	715	72.97
Indiana.....	8	2,584,178	0.28	323,022	5.562	365	687	76.34
Kansas.....	3	535,417	0.06	178,472	8.238	357	710	86.38
Kentucky.....	3	384,304	0.04	128,101	4.267	398	730	84.86
Louisiana.....	1	74,666	0.01	74,666	8.000	334	691	70.00
Maryland.....	59	23,266,230	2.53	394,343	4.648	372	700	75.78
Massachusetts.....	29	12,113,744	1.31	417,715	6.274	371	708	70.97
Michigan.....	51	11,690,040	1.27	229,216	5.250	365	700	76.24
Minnesota.....	16	4,440,411	0.48	277,526	5.716	384	716	75.00
Mississippi.....	1	170,514	0.02	170,514	8.750	359	681	80.00
Missouri.....	10	2,208,604	0.24	220,860	8.157	375	717	72.81
Montana.....	3	604,852	0.07	201,617	8.080	432	709	80.83
Nevada.....	96	32,554,805	3.53	339,113	6.166	403	710	74.87
New Hampshire.....	4	934,250	0.10	233,563	1.672	425	702	75.94
New Jersey.....	47	15,989,071	1.74	340,193	5.870	371	695	79.48
New Mexico.....	5	1,554,133	0.17	310,827	4.969	379	734	82.09
New York.....	33	14,043,942	1.52	425,574	5.719	371	716	73.34
North Carolina.....	16	4,115,539	0.45	257,221	6.350	375	715	79.03
North Dakota.....	2	247,778	0.03	123,889	7.875	479	774	79.78
Ohio.....	15	3,017,364	0.33	201,158	7.476	370	700	78.87
Oregon.....	31	8,405,344	0.91	271,140	7.282	379	709	76.49
Pennsylvania.....	42	11,039,096	1.20	262,836	5.379	361	699	77.46

State	Number of Initial Mortgage Loans	Aggregate Principal Balance Outstanding	% of Initial Mortgage Loans	Average Principal Balance Outstanding (\$)	Weighted Average Current Mortgage Rate (%)	Weighted Average Remaining Term to Maturity (Months)	Weighted Average FICO Credit Score	Weighted Average Original Loan-to- Value Ratio (%)
Rhode Island.....	10	3,362,664	0.36	336,266	5.186	371	697	78.65
South Carolina.....	5	2,795,079	0.30	559,016	5.577	370	730	75.07
South Dakota.....	2	196,559	0.02	98,279	7.856	359	722	83.05
Tennessee.....	6	2,433,038	0.26	405,506	6.980	360	691	75.15
Texas.....	17	3,178,631	0.35	186,978	5.967	377	677	72.95
Utah.....	14	3,838,287	0.42	274,163	4.822	374	700	73.69
Virginia.....	56	21,246,764	2.31	379,407	5.690	384	693	78.20
Washington.....	68	21,269,534	2.31	312,787	6.860	385	713	76.09
West Virginia.....	1	175,528	0.02	175,528	1.750	360	728	80.00
Wisconsin.....	14	3,441,077	0.37	245,791	4.829	369	707	80.11
Wyoming.....	1	199,557	0.02	199,557	8.125	479	688	90.00
Total.....	2,415	\$ 921,320,354	100.00%					

(1) As of the initial cut-off date, no more than approximately 0.56% of the Initial Mortgage Loans was secured by mortgaged properties located in any one postal zip code area.

Original Loan-to-Value Ratios⁽¹⁾⁽²⁾

Range of Original Loan-to-Value Ratios (%)	Number of Initial Mortgage Loans	Aggregate Principal Balance Outstanding	% of Initial Mortgage Loans	Average Principal Balance Outstanding (\$)	Weighted Average Current Mortgage Rate (%)	Weighted Average Remaining Term to Maturity (Months)	Weighted Average FICO Credit Score	Weighted Average Original Loan-to- Value Ratio (%)
0.01-50.00.....	62	\$ 25,559,962	2.77%	412,257	5.778	398	725	41.73
50.01-55.00.....	28	14,350,410	1.56	512,515	5.127	373	725	52.29
55.01-60.00.....	67	34,705,029	3.77	517,986	5.972	386	722	58.13
60.01-65.00.....	85	39,470,742	4.28	464,362	5.231	392	709	63.57
65.01-70.00.....	303	121,737,910	13.21	401,775	5.900	376	701	68.93
70.01-75.00.....	310	133,804,851	14.52	431,629	5.472	377	703	74.03
75.01-80.00.....	1,268	467,588,813	50.75	368,761	5.830	386	706	79.61
80.01-85.00.....	33	9,461,190	1.03	286,703	6.123	363	700	83.74
85.01-90.00.....	170	49,170,168	5.34	289,236	7.556	397	698	89.53
90.01-95.00.....	89	25,471,279	2.76	286,194	7.492	402	721	94.85
Total.....	<u>2,415</u>	<u>\$ 921,320,354</u>	<u>100.00%</u>					

(1) As of the initial cut-off date, the weighted average original Loan-to-Value Ratio of the Initial Mortgage Loans was approximately 75.41%.

(2) Does not take into account any secondary financing on the Initial Mortgage Loans that may exist at the time of origination.

Combined Loan-to-Value Ratios⁽¹⁾

Range of Combined Loan-to-Value Ratios (%)	Number of Initial Mortgage Loans	Aggregate Principal Balance Outstanding	% of Initial Mortgage Loans	Average Principal Balance Outstanding (\$)	Weighted Average Current Mortgage Rate (%)	Weighted Average Remaining Term to Maturity (Months)	Weighted Average FICO Credit Score	Weighted Average Combined Loan-to- Value Ratio (%)
0.01-50.00.....	57	\$ 21,449,612	2.33%	376,309	5.798	405	724	42.06
50.01-55.00.....	26	12,314,456	1.34	473,633	5.606	372	719	50.99
55.01-60.00.....	62	31,263,270	3.39	504,246	5.770	388	720	57.51
60.01-65.00.....	78	35,945,754	3.90	460,843	5.171	393	716	63.00
65.01-70.00.....	186	81,234,281	8.82	436,743	5.582	376	705	67.80
70.01-75.00.....	236	93,638,458	10.16	396,773	5.655	378	703	73.26
75.01-80.00.....	612	231,426,496	25.12	378,148	5.678	381	710	78.57
80.01-85.00.....	82	29,917,867	3.25	364,852	6.083	378	701	78.82
85.01-90.00.....	967	350,905,269	38.09	362,880	6.125	388	700	79.64
90.01-95.00.....	108	32,824,891	3.56	303,934	7.417	396	717	91.36
95.01 - 100.00.....	1	400,000	0.04	400,000	1.250	360	705	77.67
Total.....	2,415	\$ 921,320,354	100.00%					

(1) The Combined Loan-to-Value Ratios presented in the foregoing table reflect only certain junior lien mortgage loans secured by the related Mortgaged Properties. See the definition of "Combined Loan-to-Value Ratio" under the heading "*Mortgage Pool*" in this prospectus supplement.

Current Mortgage Rates⁽¹⁾

Range of Current Mortgage Rates (%)	Number of Initial Mortgage Loans	Aggregate Principal Balance Outstanding	% of Initial Mortgage Loans	Average Principal Balance Outstanding (\$)	Weighted Average Current Mortgage Rate (%)	Weighted Average Remaining Term to Maturity (Months)	Weighted Average FICO Credit Score	Weighted Average Original Loan-to-Value Ratio (%)
0.501-1.000.....	87	\$ 45,716,697	4.96%	525,479	1.000	360	729	70.89
1.001 - 1.500.....	274	113,079,120	12.27	412,698	1.385	386	713	75.47
1.501 - 2.000.....	200	89,507,186	9.72	447,536	1.854	378	708	73.09
2.001 - 2.500.....	115	42,807,757	4.65	372,241	2.373	383	682	75.49
2.501 - 3.000.....	68	18,712,934	2.03	275,190	2.840	380	678	78.49
3.001 - 3.500.....	35	11,341,276	1.23	324,036	3.376	398	701	83.55
3.501 - 4.000.....	13	3,540,844	0.38	272,373	3.818	393	674	81.61
4.001 - 4.500.....	1	225,000	0.02	225,000	4.250	480	647	89.29
4.501 - 5.000.....	1	180,500	0.02	180,500	4.625	480	701	95.00
6.001 - 6.500.....	8	4,920,247	0.53	615,031	6.347	377	724	62.80
6.501 - 7.000.....	20	7,997,430	0.87	399,872	6.838	385	724	74.92
7.001 - 7.500.....	131	59,468,617	6.45	453,959	7.347	389	731	72.32
7.501 - 8.000.....	389	155,246,216	16.85	399,091	7.849	391	719	75.27
8.001 - 8.500.....	784	272,131,992	29.54	347,107	8.304	385	695	76.38
8.501 - 9.000.....	229	77,785,792	8.44	339,676	8.744	388	695	76.11
9.001 - 9.500.....	51	16,693,584	1.81	327,325	9.282	382	705	85.27
9.501 - 10.000.....	9	1,965,161	0.21	218,351	9.741	398	697	83.20
Total.....	2,415	\$ 921,320,354	100.00%					

(1) The current mortgage rates listed in the preceding table include lender paid mortgage insurance premiums. As of the initial cut-off date, the weighted average current mortgage rate of the Initial Mortgage Loans was approximately 5.896% per annum. As of the initial cut-off date, the weighted average current mortgage rate of the Initial Mortgage Loans net of the premium charged by the lender in connection with lender paid mortgage insurance was approximately 5.877% per annum.

Types of Mortgaged Properties

Property Type	Number of Initial Mortgage Loans	Aggregate Principal Balance Outstanding	% of Initial Mortgage Loans	Average Principal Balance Outstanding (\$)	Weighted Average Current Mortgage Rate (%)	Weighted Average Remaining Term to Maturity (Months)	Weighted Average FICO Credit Score	Weighted Average Original Loan-to-Value Ratio (%)
Single Family Residence	1,517	\$ 588,764,157	63.90%	388,111	5.790	383	704	75.27
Planned Unit Development	418	182,100,141	19.77	435,646	6.080	386	711	74.99
Condominium	277	73,110,094	7.94	263,935	6.018	397	709	78.74
2-4 Family Residence	160	62,168,311	6.75	388,552	6.610	381	714	73.92
High-rise Condominium	40	14,465,503	1.57	361,638	4.296	373	697	76.15
Cooperative	3	712,148	0.08	237,383	3.400	360	710	75.59
Total	2,415	\$ 921,320,354	100.00%					

Purpose of Mortgage Loans

Loan Purpose	Number of Initial Mortgage Loans	Aggregate Principal Balance Outstanding	% of Initial Mortgage Loans	Average Principal Balance Outstanding (\$)	Weighted Average Current Mortgage Rate (%)	Weighted Average Remaining Term to Maturity (Months)	Weighted Average FICO Credit Score	Weighted Average Original Loan-to-Value Ratio (%)
Refinance (cash-out)	1,167	\$ 450,953,754	48.95%	386,421	5.870	381	703	72.48
Purchase	725	262,915,259	28.54	362,642	6.143	389	716	79.91
Refinance (rate/term)	523	207,451,341	22.52	396,656	5.638	387	700	76.09
Total	2,415	\$ 921,320,354	100.00%					

Occupancy Types⁽¹⁾

Occupancy Type	Number of Initial Mortgage Loans	Aggregate Principal Balance Outstanding	% of Initial Mortgage Loans	Average Principal Balance Outstanding (\$)	Weighted Average Current Mortgage Rate (%)	Weighted Average Remaining Term to Maturity (Months)	Weighted Average FICO Credit Score	Weighted Average Original Loan-to-Value Ratio (%)
Owner Occupied	1,879	\$ 769,005,267	83.47%	409,263	5.821	386	704	75.61
Investment Property	373	96,786,500	10.51	259,481	6.567	378	716	72.54
Secondary Residence	163	55,528,587	6.03	340,666	5.765	385	716	77.61
Total	2,415	\$ 921,320,354	100.00%					

(1) Based upon representations of the related borrowers at the time of origination.

Remaining Terms to Maturity⁽¹⁾

Remaining Term to Maturity (Months)	Number of Initial Mortgage Loans	Aggregate Principal Balance Outstanding	% of Initial Mortgage Loans	Average Principal Balance Outstanding (\$)	Weighted Average Current Mortgage Rate (%)	Weighted Average Remaining Term to Maturity (Months)	Weighted Average FICO Credit Score	Weighted Average Original Loan-to- Value Ratio (%)
480.....	233	\$ 94,045,310	10.21%	403,628	4.803	480	715	76.11
479.....	115	42,109,905	4.57	366,173	8.023	479	710	77.10
478.....	57	19,966,173	2.17	350,284	7.280	478	724	76.35
477.....	60	21,208,992	2.30	353,483	8.247	477	718	75.13
476.....	42	15,661,572	1.70	372,895	8.079	476	700	73.74
475.....	14	5,083,997	0.55	363,143	8.417	475	730	75.17
474.....	2	654,346	0.07	327,173	7.851	474	729	95.00
360.....	909	365,119,985	39.63	401,672	3.907	360	702	75.08
359.....	424	165,260,946	17.94	389,766	7.538	359	702	76.43
358.....	206	72,065,539	7.82	349,833	6.806	358	710	75.40
357.....	138	47,015,566	5.10	340,693	8.220	357	709	75.10
356.....	103	38,019,606	4.13	369,122	8.119	356	707	74.17
355.....	29	8,385,099	0.91	289,141	8.387	355	700	70.44
354.....	28	9,111,030	0.99	325,394	8.281	354	705	71.27
353.....	11	3,440,429	0.37	312,766	8.318	353	711	75.08
352.....	21	6,954,891	0.75	331,185	8.148	352	716	69.60
351.....	12	3,970,982	0.43	330,915	8.184	351	714	75.13
350.....	7	2,357,854	0.26	336,836	8.060	350	694	74.14
345.....	1	186,971	0.02	186,971	8.750	345	723	80.00
342.....	1	312,934	0.03	312,934	7.500	342	794	80.00
340.....	1	313,560	0.03	313,560	8.000	340	674	85.92
334.....	1	74,666	0.01	74,666	8.000	334	691	70.00
Total.....	2,415	\$ 921,320,354	100.00%					

(1) As of the initial cut-off date, the weighted average remaining term to maturity of the Initial Mortgage Loans was approximately 385 months.

Documentation Programs

Documentation Program	Number of Initial Mortgage Loans	Aggregate Principal Balance Outstanding	% of Initial Mortgage Loans	Average Principal Balance Outstanding (\$)	Weighted Average Current Mortgage Rate (%)	Weighted Average Remaining Term to Maturity (Months)	Weighted Average FICO Credit Score	Weighted Average Original Loan-to- Value Ratio (%)
Reduced.....	1,830	\$ 742,879,231	80.63%	405,945	5.829	385	708	75.32
Stated Income/Stated Asset	288	89,926,065	9.76	312,243	6.286	387	708	75.29
Full/Alternative.....	271	81,744,781	8.87	301,641	6.041	377	690	76.39
No Ratio	9	3,257,072	0.35	361,897	5.035	359	697	74.42
Preferred	10	2,054,568	0.22	205,457	7.132	387	715	75.36
CLUES	6	1,074,256	0.12	179,043	8.061	356	702	79.38
No Income/No Asset	1	384,381	0.04	384,381	8.125	479	791	64.17
Total.....	2,415	\$ 921,320,354	100.00%					

FICO Credit Scores⁽¹⁾

Range of FICO Credit Scores	Number of Initial Mortgage Loans	Aggregate Principal Balance Outstanding	% of Initial Mortgage Loans	Average Principal Balance Outstanding (\$)	Weighted Average Current Mortgage Rate (%)	Weighted Average Remaining Term to Maturity (Months)	Weighted Average FICO Credit Score	Weighted Average Original Loan-to- Value Ratio (%)
581-600.....	1	\$ 243,373	0.03%	243,373	8.750	477	597	90.00
601-620.....	13	3,587,322	0.39	275,948	7.192	370	614	76.14
621-640.....	193	66,392,836	7.21	344,004	6.391	380	631	73.71
641-660.....	222	73,359,463	7.96	330,448	6.305	378	651	74.16
661-680.....	404	147,512,738	16.01	365,131	6.019	381	671	76.66
681-700.....	403	149,883,586	16.27	371,920	5.787	384	691	77.57
701-720.....	367	147,807,204	16.04	402,744	5.755	382	710	75.59
721-740.....	268	105,119,625	11.41	392,237	5.687	388	730	76.15
741-760.....	223	99,357,969	10.78	445,551	5.598	388	751	74.12
761-780.....	169	67,153,849	7.29	397,360	6.212	390	769	74.06
781-800.....	114	48,427,219	5.26	424,800	5.190	398	790	72.09
801-820.....	31	11,199,024	1.22	361,259	7.005	405	806	73.38
821-840.....	1	301,136	0.03	301,136	7.250	358	823	41.38
Unknown	6	975,009	0.11	162,501	8.082	355	N/A	75.80
Total.....	2,415	\$ 921,320,354	100.00%					

(1) As of the initial cut-off date, the weighted average FICO Credit Score of the mortgagors related to the Initial Mortgage Loans was approximately 706.

Prepayment Charge Periods at Origination

Prepayment Charge Period (Months)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	% of Initial Mortgage Loans	Average Principal Balance Outstanding (\$)	Weighted Average Current Mortgage Rate (%)	Weighted Average Remaining Term to Maturity (Months)	Weighted Average FICO Credit Score	Weighted Average Original Loan-to- Value Ratio (%)
None	364	\$ 160,212,212	17.39%	440,143	5.457	379	717	74.51
6	2	377,419	0.04	188,710	8.024	357	707	82.77
12	846	357,569,463	38.81	422,659	5.997	384	714	74.85
24	6	1,728,839	0.19	288,140	4.118	360	691	74.28
36	1,197	401,432,421	43.57	335,365	5.986	387	695	76.27
Total	2,415	\$ 921,320,354	100.00%					

Months to Next Adjustment Date⁽¹⁾

Months to Next Adjustment Date	Number of Initial Mortgage Loans	Aggregate Principal Balance Outstanding	% of Initial Mortgage Loans	Average Principal Balance Outstanding (\$)	Weighted Average Current Mortgage Rate (%)	Weighted Average Remaining Term to Maturity (Months)	Weighted Average FICO Credit Score	Weighted Average Original Loan-to- Value Ratio (%)
1	2,334	\$ 878,973,992	95.40%	376,596	6.075	385	705	75.64
2	36	18,852,137	2.05	523,670	2.268	368	719	69.29
3	45	23,494,224	2.55	522,094	2.091	377	723	71.71
Total	2,415	\$ 921,320,354	100.00%					

(1) As of the initial cut-off date, the weighted average months to the next Adjustment Date of the Initial Mortgage Loans was approximately 1 month.

Gross Margins⁽¹⁾

Range of Gross Margins (%)	Number of Initial Mortgage Loans	Aggregate Principal Balance Outstanding	% of Initial Mortgage Loans	Average Principal Balance Outstanding (\$)	Weighted Average Current Mortgage Rate (%)	Weighted Average Remaining Term to Maturity (Months)	Weighted Average FICO Credit Score	Weighted Average Original Loan-to- Value Ratio (%)
1.001-2.000.....	18	\$ 8,583,030	0.93%	476,835	6.161	369	724	67.12
2.001-3.000.....	378	165,562,363	17.97	437,996	5.734	383	726	73.83
3.001-4.000.....	1,904	710,735,671	77.14	373,286	5.826	385	702	75.53
4.001-5.000.....	112	35,967,784	3.90	321,141	7.894	384	703	82.22
5.001-6.000.....	3	471,506	0.05	157,169	9.896	413	657	87.08
Total.....	2,415	\$ 921,320,354	100.00%					

(1) As of the initial cut-off date, the weighted average gross margin of the Initial Mortgage Loans was approximately 3.372%.

Maximum Mortgage Rates⁽¹⁾

Range of Maximum Mortgage Rates (%)	Number of Initial Mortgage Loans	Aggregate Principal Balance Outstanding	% of Initial Mortgage Loans	Average Principal Balance Outstanding (\$)	Weighted Average Current Mortgage Rate (%)	Weighted Average Remaining Term to Maturity (Months)	Weighted Average FICO Credit Score	Weighted Average Original Loan-to- Value Ratio (%)
8.001 - 9.000.....	1	\$ 328,795	0.04%	328,795	8.250	478	675	80.00
9.001 - 10.000.....	2,333	888,260,440	96.41	380,737	5.878	384	706	75.36
10.001 - 11.000.....	53	23,126,469	2.51	436,348	5.792	399	716	73.34
11.001 - 12.000.....	13	4,378,606	0.48	336,816	7.531	379	716	80.53
12.001 - 13.000.....	4	1,586,910	0.17	396,728	8.358	413	702	84.79
13.001 - 14.000.....	6	1,854,448	0.20	309,075	7.338	379	689	87.45
14.001 - 15.000.....	4	1,394,972	0.15	348,743	7.984	439	715	95.00
17.001 - 18.000.....	1	389,713	0.04	389,713	8.375	356	663	80.00
Total.....	2,415	\$ 921,320,354	100.00%					

(1) As of the initial cut-off date, the weighted average Maximum Mortgage Rate of the Initial Mortgage Loans was approximately 9.997% per annum.

Next Interest Adjustment Dates

Next Interest Adjustment Date	Number of Initial Mortgage Loans	Aggregate Principal Balance Outstanding	% of Initial Mortgage Loans	Average Principal Balance Outstanding (\$)	Weighted Average Current Mortgage Rate (%)	Weighted Average Remaining Term to Maturity (Months)	Weighted Average FICO Credit Score	Weighted Average Original Loan-to-Value Ratio (%)
December 2006.....	2,109	\$ 785,162,207	85.22%	372,291	6.226	388	706	75.81
January 2007	261	112,663,922	12.23	431,663	4.387	365	704	73.42
February 2007	41	20,937,724	2.27	510,676	2.106	379	721	70.94
March 2007	4	2,556,500	0.28	639,125	1.966	360	746	77.97
Total	2,415	\$ 921,320,354	100.00%					

Fixed Mortgage Rate Period⁽¹⁾

Fixed Mortgage Rate Period (months)	Number of Initial Mortgage Loans	Aggregate Principal Balance Outstanding	% of Initial Mortgage Loans	Average Principal Balance Outstanding (\$)	Weighted Average Current Mortgage Rate (%)	Weighted Average Remaining Term to Maturity (Months)	Weighted Average FICO Credit Score	Weighted Average Original Loan-to-Value Ratio (%)
1	2,251	\$ 841,954,455	91.39%	374,036	6.124	386	705	75.75
3	164	79,365,898	8.61	483,938	3.474	375	721	71.83
Total	2,415	\$ 921,320,354	100.00%					

(1) During this period of time after origination, the Initial Mortgage Rates on the applicable Initial Mortgage Loans are fixed and are lower than the sum of the related Mortgage Index and the related Gross Margin.

Minimum Mortgage Rates⁽¹⁾

Range of Minimum Mortgage Rates (%)	Number of Initial Mortgage Loans	Aggregate Principal Balance Outstanding	% of Initial Mortgage Loans	Average Principal Balance Outstanding (\$)	Weighted Average Current Mortgage Rate (%)	Weighted Average Remaining Term to Maturity (Months)	Weighted Average FICO Credit Score	Weighted Average Original Loan-to-Value Ratio (%)
1.001-2.000.....	18	\$ 8,583,030	0.93%	476,835	6.161	369	724	67.12
2.001-3.000.....	378	165,562,363	17.97	437,996	5.734	383	726	73.83
3.001-4.000.....	1,904	710,735,671	77.14	373,286	5.826	385	702	75.53
4.001-5.000.....	112	35,967,784	3.90	321,141	7.894	384	703	82.22
5.001-6.000.....	3	471,506	0.05	157,169	9.896	413	657	87.08
Total.....	2,415	\$ 921,320,354	100.00%					

(1) As of the initial cut-off date, the weighted average Minimum Mortgage Rate of the Initial Mortgage Loans was approximately 3.372% per annum.

Maximum Negative Amortization⁽¹⁾

Maximum Negative Amortization (%)	Number of Initial Mortgage Loans	Aggregate Principal Balance Outstanding	% of Initial Mortgage Loans	Average Principal Balance Outstanding (\$)	Weighted Average Current Mortgage Rate(%)	Weighted Average Remaining Term to Maturity (Months)	Weighted Average FICO Credit Score	Weighted Average Original Loan-to-Value Ratio (%)
110.....	69	\$ 32,964,752	3.58%	477,750	5.229	362	722	72.90
115.....	2,346	888,355,601	96.42	378,668	5.920	386	706	75.50
Total.....	2,415	\$ 921,320,354	100.00%					

(1) Reflects maximum allowable percentage of original unpaid principal balance.

Initial Recast Period⁽¹⁾

Initial Recast Period (months)	Number of Initial Mortgage Loans	Aggregate Principal Balance Outstanding	% of Initial Mortgage Loans	Average Principal Balance Outstanding (\$)	Weighted Average Current Mortgage Rate(%)	Weighted Average Remaining Term to Maturity (Months)	Weighted Average FICO Credit Score	Weighted Average Original Loan-to- Value Ratio (%)
60	1,243	\$ 454,053,408	49.28%	365,288	6.251	380	705	75.23
120	1,172	467,266,946	50.72	398,692	5.551	389	707	75.59
Total	2,415	\$ 921,320,354	100.00%					

(1) At the end of this period and every fifth year thereafter, the monthly payment for a Mortgage Loan is adjusted so that it is sufficient to amortize fully the then unpaid principal balance of the Mortgage Loan over its remaining amortization term.

Assignment of the Mortgage Loans

Pursuant to the pooling and servicing agreement, on the closing date, the depositor will sell, transfer, assign, set over and otherwise convey without recourse to the trustee in trust for the benefit of the certificateholders all right, title and interest of the depositor in and to each Closing Date Mortgage Loan and all right, title and interest in and to all other assets included in Alternative Loan Trust 2006-OA19, including all principal and interest received on or with respect to the Closing Date Mortgage Loans, but not any principal and interest due on or before the initial cut-off date, and amounts on deposit in the Pre-Funding Account and Capitalized Interest Account on the closing date.

In connection with the transfer and assignment of a Mortgage Loan, the depositor will deliver or cause to be delivered to the trustee, or a custodian for the trustee, the mortgage file, which contains among other things,

- the original mortgage note (and any modification or amendment to it) endorsed in blank without recourse, except that the depositor may deliver or cause to be delivered a lost note affidavit in lieu of any original mortgage note that has been lost,
- the original instrument creating a first lien on the related mortgaged property with evidence of recording indicated thereon or a copy of such instrument,
- an assignment in recordable form of the mortgage or a copy of such assignment,
- the original or a copy of the title policy with respect to the related mortgaged property, and
- if applicable, all recorded intervening assignments of the mortgage or copies thereof and any riders or modifications to the mortgage note and mortgage or copies thereof (except for any documents not returned from the public recording office, which will be delivered to the trustee as soon as the same is available to the depositor).

With respect to up to 50% of the Closing Date Mortgage Loans, the depositor may deliver all or a portion of each related mortgage file to the trustee not later than thirty days after the closing date and not later than twenty days after the relevant Supplemental Transfer Date (as defined below) with respect to up to 90% of the Supplemental Mortgage Loans (as defined below) conveyed on such Supplemental Transfer Date. Assignments of the Mortgage Loans to the trustee (or its nominee) will be recorded in the appropriate public office for real property records, except in states where, in the opinion of counsel, recording is not required to protect the trustee's interests in the Mortgage Loan against the claim of any subsequent transferee or any successor to or creditor of the depositor or any seller or a transferor, as the case may be. The depositor expects that substantially all of the assignments will not be recorded based on an opinion of counsel.

The trustee will hold the mortgage loan documents in trust for the benefit of the holders of the certificates in accordance with its customary procedures, including storing the documents in fire-resistant facilities. The trustee will review each mortgage file relating to the Closing Date Mortgage Loans within 90 days of the closing date (or promptly after the trustee's receipt of any document permitted to be delivered after the closing date) and, with respect to the documents relating to the Supplemental Mortgage Loans, promptly after the trustee's receipt thereof after the related Supplemental Transfer Date as described above. If any document in a mortgage file is found to be missing or defective in a material respect and Countrywide Home Loans does not cure the defect within 90 days of notice of the defect from the trustee (or within such longer period not to exceed 720 days after the closing date as provided in the pooling and servicing agreement in the case of missing documents not returned from the public recording office), Countrywide Home Loans will be obligated to repurchase the related Mortgage Loan from the issuing entity at the purchase price described in the prospectus under "Loan Program—Representations by Sellers; Repurchases." Rather than repurchase the Mortgage Loan as provided above, Countrywide Home Loans may remove the Mortgage Loan (referred to as a "*deleted mortgage loan*") from the issuing entity and substitute in its place another mortgage loan (referred to as a "*replacement mortgage loan*"); however, such a substitution is permitted only within two years of the closing date and may not be made unless an opinion of counsel is provided to the trustee to the effect that such a substitution will not disqualify any REMIC or result in a prohibited transaction

tax under the Code. Any replacement mortgage loan generally will, on the date of substitution, among other characteristics set forth in the pooling and servicing agreement,

- have a principal balance, after deduction of all scheduled payments due in the month of substitution, not in excess of, and not more than 10% less than, the Stated Principal Balance of the deleted mortgage loan (the amount of any shortfall to be deposited by Countrywide Home Loans in the Certificate Account and held for distribution to the certificateholders on the related Distribution Date (referred to as a “*Substitution Adjustment Amount*”)),
- have a Maximum Mortgage Rate not more than 1% per annum higher or lower than the Maximum Mortgage Rate of the deleted mortgage loan,
- have a Minimum Mortgage Rate specified in its related mortgage note not more than 1% per annum higher or lower than the Minimum Mortgage Rate of the deleted mortgage loan,
- have the same Mortgage Index, reset period, payment cap and recast provisions as the deleted mortgage loan and a Gross Margin not more than 1% per annum higher or lower than that of the deleted mortgage loan,
- have a Mortgage Rate not lower than, and not more than 1% per annum higher than that of the deleted mortgage loan,
- have a Loan-to-Value Ratio not higher than that of the deleted mortgage loan,
- have a remaining term to maturity not greater than (and not more than one year less than) that of the deleted mortgage loan, and
- comply with all of the representations and warranties set forth in the pooling and servicing agreement as of the date of substitution.

This cure, repurchase or substitution obligation constitutes the sole remedy available to certificateholders or the trustee for omission of, or a material defect in, a mortgage loan document.

Notwithstanding the foregoing, in lieu of providing the duly executed assignment of the mortgage to the trustee or copies thereof and the original recorded assignment or assignments of the mortgage together with all interim recorded assignments of such mortgage or copies thereof, above, the depositor may at its discretion provide evidence that the related mortgage is held through the MERS® System. In addition, the mortgages for some or all of the Mortgage Loans in the issuing entity that are not already held through the MERS® System may, at the discretion of the master servicer, in the future be held through the MERS® System. For any mortgage held through the MERS® System, the mortgage is recorded in the name of Mortgage Electronic Registration Systems, Inc., or MERS, as nominee for the owner of the Mortgage Loan, and subsequent assignments of the mortgage were, or in the future may be, at the discretion of the master servicer, registered electronically through the MERS® System. For each of these Mortgage Loans, MERS serves as mortgagee of record on the mortgage solely as a nominee in an administrative capacity on behalf of the trustee, and does not have any interest in the Mortgage Loan.

Conveyance of Supplemental Mortgage Loans

If the aggregate Stated Principal Balance of the Closing Date Mortgage Loans as of the initial cut-off date is less than \$1,225,000,000, an account (the “*Pre-funding Account*”) will be established with the trustee on the closing date and funded in an amount equal to the excess of the related amount (the “*Pre-funded Amount*”) set forth above over the balance of the aggregate Stated Principal Balance of the Closing Date Mortgage Loans as of the initial cut-off date. As of the date of this prospectus supplement, the Pre-funded Amount is expected to be approximately \$303,679,646, but the amount actually deposited in the Pre-funding Account on the closing date will equal the excess, if any, of the aggregate Class Certificate Balance of the certificates as of the closing date, over the aggregate Stated Principal Balance of the Closing Date Mortgage Loans as of the initial cut-off date. Amounts on

deposit in Pre-funding Account may be used to purchase mortgage loans after the closing date to be included in the mortgage pool. Such mortgage loans are referred to as Supplemental Mortgage Loans.

Any investment income earned from amounts in the Pre-funding Account will be paid to the depositor and will not be available for payments on the certificates. During the period from the closing date to the earlier of the date on which the amount in the Pre-funding Account allocated to purchase Supplemental Mortgage Loans is less than \$150,000 and December 29, 2006 (the "**Funding Period**"), the depositor is expected to purchase Supplemental Mortgage Loans from one or more of the sellers and sell those Supplemental Mortgage Loans to the issuing entity as described below. The purchase price for each Supplemental Mortgage Loan purchased by the issuing entity after the closing date will equal the Stated Principal Balance of the Supplemental Mortgage Loan as of the later of the first day of the month of the transfer to the issuing entity and the date of origination of that mortgage loan (the related "**Supplemental Cut-off Date**") and will be paid from the Pre-funding Account. Accordingly, the purchase of Supplemental Mortgage Loans will decrease the amount on deposit in the Pre-funding Account and increase the Stated Principal Balance of the Mortgage Loans.

Because some of the Mortgage Loans may not be acquired by the issuing entity until after the closing date, there may not be sufficient interest collections from the Initial Mortgage Loans to pay all the interest due on the certificates on the first and possibly the second Distribution Dates. A capitalized interest account (the "**Capitalized Interest Account**") will be established and funded on the closing date from which funds (together with any investment earnings thereon) will be drawn upon to offset any interest shortfall on the Distribution Date during and, if necessary, immediately following the Funding Period as a result of the supplemental loan mechanism. Any amounts remaining in the Capitalized Interest Account after making distributions of interest on the first Distribution Date following the end of the Funding Period will be paid to Countywide Home Loans and will not thereafter be available for distribution to certificateholders.

Amounts on deposit in the Pre-funding Account and the Capitalized Interest Account will be invested in permitted investments. The Pre-funding Account and the Capitalized Interest Account will not be assets of any REMIC.

Pursuant to the pooling and servicing agreement and a supplemental transfer agreement (a "**Supplemental Transfer Agreement**") to be executed by the applicable seller, the depositor and the trustee, the conveyance of Supplemental Mortgage Loans may be made on any business day during the Funding Period (a "**Supplemental Transfer Date**"), subject to the fulfillment of certain conditions in the pooling and servicing agreement, including that the Supplemental Mortgage Loans conveyed on the related Supplemental Transfer Date satisfy the same representations and warranties in the pooling and servicing agreement applicable to all of the Mortgage Loans, and that, as of the Supplemental Cut-off Date:

- the Supplemental Mortgage Loans conveyed on that Supplemental Transfer Date were selected in a manner reasonably believed not to be adverse to the interests of the certificateholders or the Class A-3A Insurer,
- the trustee receives an opinion of counsel with respect to the validity of the conveyance of the Supplemental Mortgage Loans conveyed on that Supplemental Transfer Date,
- the Supplemental Mortgage Loans conveyed on that Supplemental Transfer Date were originated in accordance with the underwriting standards described in this prospectus supplement,
- the conveyance of the Supplemental Mortgage Loans on that Supplemental Transfer Date will not result in a reduction or withdrawal of any ratings assigned to the offered certificates without regard to the Class A-3A Policy, and
- following the conveyance of the Supplemental Mortgage Loans on that Supplemental Transfer Date to the issuing entity, the characteristics of the mortgage pool will not vary by more than the permitted variance specified below from the characteristics listed below; provided that for the purpose of making such calculations, the characteristics for any Closing Date Mortgage Loan will be taken as of the initial cut-off date and the characteristics for any Supplemental Mortgage Loan will be taken as of the related Supplemental Cut-off Date:

<u>Characteristic</u>		<u>Permitted Variance or Range</u>
Average Stated Principal Balance	\$381,499	10%
Weighted Average Mortgage Rate	5.896%	10 bps
Weighted Average Original Loan-to-Value Ratio	75.41%	5%
Weighted Average Remaining Term to Maturity	385 months	2 months
Weighted Average FICO Credit Score	706	5 points
Weighted Average Maximum Mortgage Rate	9.997%	5%
Weighted Average Minimum Mortgage Rate	3.372%	5%
Weighted Average Months to Next Rate Adjustment	1 month	1 month
Weighted Average Months to Next Payment Adjustment	10 months	1 month
Weighted Average Gross Margin	3.372%	5%
Weighted Average Expense Fee Rate	0.404%	5%

Underwriting Process

General

The Mortgage Loans that will be transferred to the issuing entity other than those originated or acquired by Countrywide Home Loans have been originated or acquired in accordance with the procedures set forth in the prospectus under “*Loan Program—Underwriting Standards*.”

Countrywide Home Loans, Inc.

Approximately 87.20% of the Initial Mortgage Loans, by aggregate Stated Principal Balance of the Initial Mortgage Loans as of the initial cut-off date, were originated or acquired by Countrywide Home Loans in accordance with its credit, appraisal and underwriting standards. Countrywide Home Loans has been originating mortgage loans since 1969. Countrywide Home Loans’ underwriting standards are applied in accordance with applicable federal and state laws and regulations. Except as otherwise provided in this prospectus supplement, the underwriting procedures are consistent with those identified under “*Loan Program—Underwriting Standards*” in the prospectus.

As part of its evaluation of potential borrowers, Countrywide Home Loans generally requires a description of income. If required by its underwriting guidelines, Countrywide Home Loans obtains employment verification providing current and historical income information and/or a telephonic employment confirmation. Such employment verification may be obtained, either through analysis of the prospective borrower’s recent pay stub and/or W-2 forms for the most recent two years, relevant portions of the most recent two years’ tax returns, or from the prospective borrower’s employer, wherein the employer reports the length of employment and current salary with that organization. Self-employed prospective borrowers generally are required to submit relevant portions of their federal tax returns for the past two years.

In assessing a prospective borrower’s creditworthiness, Countrywide Home Loans may use FICO Credit Scores. “**FICO Credit Scores**” are statistical credit scores designed to assess a borrower’s creditworthiness and likelihood to default on a consumer obligation over a two-year period based on a borrower’s credit history. FICO Credit Scores were not developed to predict the likelihood of default on mortgage loans and, accordingly, may not be indicative of the ability of a borrower to repay its Mortgage Loan. FICO Credit Scores range from approximately 250 to approximately 900, with higher scores indicating an individual with a more favorable credit history compared to an individual with a lower score. Under Countrywide Home Loans’ underwriting guidelines, borrowers possessing higher FICO Credit Scores, which indicate a more favorable credit history and who give Countrywide Home Loans the right to obtain the tax returns they filed for the preceding two years, may be eligible for Countrywide Home Loans’ processing program (the “**Preferred Processing Program**”). Approximately 0.22% of the Initial Mortgage Loans by aggregate Stated Principal Balance of the Initial Mortgage Loans as of the initial cut-off date have been underwritten pursuant to Countrywide Home Loans’ Preferred Processing Program. Countrywide Home Loans may waive some documentation requirements for Mortgage Loans originated under the Preferred Processing Program.

Periodically the data used by Countrywide Home Loans to complete the underwriting analysis may be obtained by a third party, particularly for mortgage loans originated through a loan correspondent or mortgage broker. In those instances, the initial determination as to whether a mortgage loan complies with Countrywide Home Loans' underwriting guidelines may be made by an independent company hired to perform underwriting services on behalf of Countrywide Home Loans, the loan correspondent or mortgage broker. In addition, Countrywide Home Loans may acquire mortgage loans from approved correspondent lenders under a program pursuant to which Countrywide Home Loans delegates to the correspondent the obligation to underwrite the mortgage loans to Countrywide Home Loans' standards. Under these circumstances, the underwriting of a mortgage loan may not have been reviewed by Countrywide Home Loans before acquisition of the mortgage loan and the correspondent represents that Countrywide Home Loans' underwriting standards have been met. After purchasing mortgage loans under those circumstances, Countrywide Home Loans conducts a quality control review of a sample of the mortgage loans. The number of loans reviewed in the quality control process varies based on a variety of factors, including Countrywide Home Loans' prior experience with the correspondent lender and the results of the quality control review process itself.

Countrywide Home Loans' underwriting standards are applied by or on behalf of Countrywide Home Loans to evaluate the prospective borrower's credit standing and repayment ability and the value and adequacy of the mortgaged property as collateral. Under those standards, a prospective borrower must generally demonstrate that the ratio of the borrower's monthly housing expenses (including principal and interest on the proposed mortgage loan and, as applicable, the related monthly portion of property taxes, hazard insurance and mortgage insurance) to the borrower's monthly gross income and the ratio of total monthly debt to the monthly gross income (the "debt-to-income" ratios) are within acceptable limits. If the prospective borrower has applied for an interest-only Six-Month LIBOR Loan, the interest component of the monthly mortgage expense is calculated based upon the initial interest rate plus 2%. If the prospective borrower has applied for a 3/1 Mortgage Loan or 3/27 Mortgage Loan and the Loan-to-Value Ratio is less than or equal to 75%, the interest component of the monthly mortgage expense is calculated based on the initial loan interest rate; if the Loan-to-Value Ratio exceeds 75%, the interest component of the monthly mortgage expense calculation is based on the initial loan interest rate plus 2%. If the prospective borrower has applied for a 5/1 Mortgage Loan, a 5/25 Mortgage Loan, a 7/1 Mortgage Loan, a 7/23 Mortgage Loan, a 10/1 Mortgage Loan or a 10/20 Mortgage Loan, the interest component of the monthly mortgage expense is calculated based on the initial loan interest rate. If the prospective borrower has applied for a Negative Amortization Loan, the interest component of the monthly housing expense calculation is based upon the greater of 4.25% and the fully indexed mortgage note rate at the time of loan application. The maximum acceptable debt-to-income ratio, which is determined on a loan-by-loan basis varies depending on a number of underwriting criteria, including the Loan-to-Value Ratio, loan purpose, loan amount and credit history of the borrower. In addition to meeting the debt-to-income ratio guidelines, each prospective borrower is required to have sufficient cash resources to pay the down payment and closing costs. Exceptions to Countrywide Home Loans' underwriting guidelines may be made if compensating factors are demonstrated by a prospective borrower. Additionally, Countrywide Home Loans permits its adjustable rate mortgage loans, hybrid adjustable rate mortgage loans and negative amortization mortgage loans to be assumed by a purchaser of the related mortgaged property, so long as the mortgage loan is in its adjustable rate period (except for a 3/1 Mortgage Loan, which may be assumed during the fixed rate period) and the related purchaser meets Countrywide Home Loans' underwriting standards that are then in effect.

Countrywide Home Loans may provide secondary financing to a borrower contemporaneously with the origination of a mortgage loan, subject to the following limitations: the Loan-to-Value Ratio of the senior (i.e., first) lien may not exceed 80% and the combined Loan-to-Value Ratio may not exceed 100%. Countrywide Home Loans' underwriting guidelines do not prohibit or otherwise restrict a borrower from obtaining secondary financing from lenders other than Countrywide Home Loans, whether at origination of the mortgage loan or thereafter.

The nature of the information that a borrower is required to disclose and whether the information is verified depends, in part, on the documentation program used in the origination process. In general under the Full Documentation Loan Program (the "**Full Documentation Program**"), each prospective borrower is required to complete an application which includes information with respect to the applicant's assets, liabilities, income, credit history, employment history and other personal information. Self-employed individuals are generally required to submit their two most recent federal income tax returns. Under the Full Documentation Program, the underwriter verifies the information contained in the application relating to employment, income, assets and mortgages.

A prospective borrower may be eligible for a loan approval process that limits or eliminates Countrywide Home Loans' standard disclosure or verification requirements or both. Countrywide Home Loans offers the following documentation programs as alternatives to its Full Documentation Program: an Alternative Documentation Loan Program (the "***Alternative Documentation Program***"), a Reduced Documentation Loan Program (the "***Reduced Documentation Program***"), a CLUES Plus Documentation Loan Program (the "***CLUES Plus Documentation Program***"), a No Income/No Asset Documentation Loan Program (the "***No Income/No Asset Documentation Program***"), a Stated Income/Stated Asset Documentation Loan Program (the "***Stated Income/Stated Asset Documentation Program***") and a Streamlined Documentation Loan Program (the "***Streamlined Documentation Program***").

For all mortgage loans originated or acquired by Countrywide Home Loans, Countrywide Home Loans obtains a credit report relating to the applicant from a credit reporting company. The credit report typically contains information relating to such matters as credit history with local and national merchants and lenders, installment debt payments and any record of defaults, bankruptcy, dispossession, suits or judgments. All adverse information in the credit report is required to be explained by the prospective borrower to the satisfaction of the lending officer.

Except with respect to mortgage loans originated pursuant to its Streamlined Documentation Program, whose values were confirmed with a Fannie Mae proprietary automated valuation model, Countrywide Home Loans obtains appraisals from independent appraisers or appraisal services for properties that are to secure mortgage loans. The appraisers inspect and appraise the proposed mortgaged property and verify that the property is in acceptable condition. Following each appraisal, the appraiser prepares a report which includes a market data analysis based on recent sales of comparable homes in the area and, when deemed appropriate, a replacement cost analysis based on the current cost of constructing a similar home. All appraisals are required to conform to Fannie Mae or Freddie Mac appraisal standards then in effect.

Countrywide Home Loans requires title insurance on all of its mortgage loans secured by first liens on real property. Countrywide Home Loans also requires that fire and extended coverage casualty insurance be maintained on the mortgaged property in an amount at least equal to the principal balance of the related single-family mortgage loan or the replacement cost of the mortgaged property, whichever is less.

In addition to Countrywide Home Loans' standard underwriting guidelines (the "***Standard Underwriting Guidelines***"), which are consistent in many respects with the guidelines applied to mortgage loans purchased by Fannie Mae and Freddie Mac, Countrywide Home Loans uses underwriting guidelines featuring expanded criteria (the "***Expanded Underwriting Guidelines***"). The Standard Underwriting Guidelines and the Expanded Underwriting Guidelines are described further under the next two headings.

Standard Underwriting Guidelines

Countrywide Home Loans' Standard Underwriting Guidelines for mortgage loans with non-conforming original principal balances generally allow Loan-to-Value Ratios at origination of up to 95% for purchase money or rate and term refinance mortgage loans with original principal balances of up to \$400,000, up to 90% for mortgage loans with original principal balances of up to \$650,000, up to 75% for mortgage loans with original principal balances of up to \$1,000,000, up to 65% for mortgage loans with original principal balances of up to \$1,500,000, and up to 60% for mortgage loans with original principal balances of up to \$2,000,000.

For cash-out refinance mortgage loans, Countrywide Home Loans' Standard Underwriting Guidelines for mortgage loans with non-conforming original principal balances generally allow Loan-to-Value Ratios at origination of up to 75% and original principal balances ranging up to \$650,000. The maximum "cash-out" amount permitted is \$200,000 and is based in part on the original Loan-to-Value Ratio of the related mortgage loan. As used in this prospectus supplement, a refinance mortgage loan is classified as a cash-out refinance mortgage loan by Countrywide Home Loans if the borrower retains an amount greater than the lesser of 2% of the entire amount of the proceeds from the refinancing of the existing loan or \$2,000.

Countrywide Home Loans' Standard Underwriting Guidelines for conforming balance mortgage loans generally allow Loan-to-Value Ratios at origination on owner occupied properties of up to 95% on 1 unit properties with principal balances up to \$417,000 (\$625,500 in Alaska and Hawaii) and 2 unit properties with principal

balances up to \$533,850 (\$800,775 in Alaska and Hawaii) and up to 80% on 3 unit properties with principal balances of up to \$645,300 (\$967,950 in Alaska and Hawaii) and 4 unit properties with principal balances of up to \$801,950 (\$1,202,925 in Alaska and Hawaii). On second homes, Countrywide Home Loans' Standard Underwriting Guidelines for conforming balance mortgage loans generally allow Loan-to-Value Ratios at origination of up to 95% on 1 unit properties with principal balances up to \$417,000 (\$625,500 in Alaska and Hawaii). Countrywide Home Loans' Standard Underwriting Guidelines for conforming balance mortgage loans generally allow Loan-to-Value Ratios at origination on investment properties of up to 90% on 1 unit properties with principal balances up to \$417,000 (\$625,500 in Alaska and Hawaii) and 2 unit properties with principal balances up to \$533,850 (\$800,775 in Alaska and Hawaii) and up to 75% on 3 unit properties with principal balances of up to \$645,300 (\$967,950 in Alaska and Hawaii) and 4 unit properties with principal balances of up to \$801,950 (\$1,202,925 in Alaska and Hawaii).

Under its Standard Underwriting Guidelines, Countrywide Home Loans generally permits a debt-to-income ratio based on the borrower's monthly housing expenses of up to 33% and a debt-to-income ratio based on the borrower's total monthly debt of up to 38%.

In connection with the Standard Underwriting Guidelines, Countrywide Home Loans originates or acquires mortgage loans under the Full Documentation Program, the Alternative Documentation Program, the Reduced Documentation Program, the CLUES Plus Documentation Program or the Streamlined Documentation Program.

The Alternative Documentation Program permits a borrower to provide W-2 forms instead of tax returns covering the most recent two years, permits bank statements in lieu of verification of deposits and permits alternative methods of employment verification.

Under the Reduced Documentation Program, some underwriting documentation concerning income, employment and asset verification is waived. Countrywide Home Loans obtains from a prospective borrower either a verification of deposit or bank statements for the two-month period immediately before the date of the mortgage loan application or verbal verification of employment. Since information relating to a prospective borrower's income and employment is not verified, the borrower's debt-to-income ratios are calculated based on the information provided by the borrower in the mortgage loan application. The maximum Loan-to-Value Ratio ranges up to 95%.

The CLUES Plus Documentation Program permits the verification of employment by alternative means, if necessary, including verbal verification of employment or reviewing paycheck stubs covering the pay period immediately prior to the date of the mortgage loan application. To verify the borrower's assets and the sufficiency of the borrower's funds for closing, Countrywide Home Loans obtains deposit or bank account statements from each prospective borrower for the month immediately prior to the date of the mortgage loan application. Under the CLUES Plus Documentation Program, the maximum Loan-to-Value Ratio is 75% and property values may be based on appraisals comprising only interior and exterior inspections. Cash-out refinances and investor properties are not permitted under the CLUES Plus Documentation Program.

The Streamlined Documentation Program is available for borrowers who are refinancing an existing mortgage loan that was originated or acquired by Countrywide Home Loans provided that, among other things, the mortgage loan has not been more than 30 days delinquent in payment during the previous twelve-month period. Under the Streamlined Documentation Program, appraisals are obtained only if the loan amount of the loan being refinanced had a Loan-to-Value Ratio at the time of origination in excess of 80% or if the loan amount of the new loan being originated is greater than \$650,000. In addition, under the Streamlined Documentation Program, a credit report is obtained but only a limited credit review is conducted, no income or asset verification is required, and telephonic verification of employment is permitted. The maximum Loan-to-Value Ratio under the Streamlined Documentation Program ranges up to 95%.

Expanded Underwriting Guidelines

Mortgage loans which are underwritten pursuant to the Expanded Underwriting Guidelines may have higher Loan-to-Value Ratios, higher loan amounts and different documentation requirements than those associated with the Standard Underwriting Guidelines. The Expanded Underwriting Guidelines also permit higher debt-to-income ratios than mortgage loans underwritten pursuant to the Standard Underwriting Guidelines.

Countrywide Home Loans' Expanded Underwriting Guidelines for mortgage loans with non-conforming original principal balances generally allow Loan-to-Value Ratios at origination of up to 95% for purchase money or rate and term refinance mortgage loans with original principal balances of up to \$400,000, up to 90% for mortgage loans with original principal balances of up to \$650,000, up to 80% for mortgage loans with original principal balances of up to \$1,000,000, up to 75% for mortgage loans with original principal balances of up to \$1,500,000 and up to 70% for mortgage loans with original principal balances of up to \$3,000,000. Under certain circumstances, however, Countrywide Home Loans' Expanded Underwriting Guidelines allow for Loan-to-Value Ratios of up to 100% for purchase money mortgage loans with original principal balances of up to \$375,000.

For cash-out refinance mortgage loans, Countrywide Home Loans' Expanded Underwriting Guidelines for mortgage loans with non-conforming original principal balances generally allow Loan-to-Value Ratios at origination of up to 90% and original principal balances ranging up to \$1,500,000. The maximum "cash-out" amount permitted is \$400,000 and is based in part on the original Loan-to-Value Ratio of the related mortgage loan.

Countrywide Home Loans' Expanded Underwriting Guidelines for conforming balance mortgage loans generally allow Loan-to-Value Ratios at origination on owner occupied properties of up to 100% on 1 unit properties with principal balances up to \$417,000 (\$625,500 in Alaska and Hawaii) and 2 unit properties with principal balances up to \$533,850 (\$800,775 in Alaska and Hawaii) and up to 85% on 3 unit properties with principal balances of up to \$645,300 (\$967,950 in Alaska and Hawaii) and 4 unit properties with principal balances of up to \$801,950 (\$1,202,925 in Alaska and Hawaii). On second homes, Countrywide Home Loans' Expanded Underwriting Guidelines for conforming balance mortgage loans generally allow Loan-to-Value Ratios at origination of up to 95% on 1 unit properties with principal balances up to \$417,000 (\$625,500 in Alaska and Hawaii). Countrywide Home Loans' Expanded Underwriting Guidelines for conforming balance mortgage loans generally allow Loan-to-Value Ratios at origination on investment properties of up to 90% on 1 unit properties with principal balances up to \$417,000 (\$625,500 in Alaska and Hawaii) and 2 unit properties with principal balances up to \$533,850 (\$800,775 in Alaska and Hawaii) and up to 85% on 3 unit properties with principal balances of up to \$645,300 (\$967,950 in Alaska and Hawaii) and 4 unit properties with principal balances of up to \$801,950 (\$1,202,925 in Alaska and Hawaii).

Under its Expanded Underwriting Guidelines, Countrywide Home Loans generally permits a debt-to-income ratio based on the borrower's monthly housing expenses of up to 36% and a debt-to-income ratio based on the borrower's total monthly debt of up to 40%; provided, however, that if the Loan-to-Value Ratio exceeds 80%, the maximum permitted debt-to-income ratios are 33% and 38%, respectively.

In connection with the Expanded Underwriting Guidelines, Countrywide Home Loans originates or acquires mortgage loans under the Full Documentation Program, the Alternative Documentation Program, the Reduced Documentation Loan Program, the No Income/No Asset Documentation Program and the Stated Income/Stated Asset Documentation Program. Neither the No Income/No Asset Documentation Program nor the Stated Income/Stated Asset Documentation Program is available under the Standard Underwriting Guidelines.

The same documentation and verification requirements apply to mortgage loans documented under the Alternative Documentation Program regardless of whether the loan has been underwritten under the Expanded Underwriting Guidelines or the Standard Underwriting Guidelines. However, under the Alternative Documentation Program, mortgage loans that have been underwritten pursuant to the Expanded Underwriting Guidelines may have higher loan balances and Loan-to-Value Ratios than those permitted under the Standard Underwriting Guidelines.

Similarly, the same documentation and verification requirements apply to mortgage loans documented under the Reduced Documentation Program regardless of whether the loan has been underwritten under the Expanded Underwriting Guidelines or the Standard Underwriting Guidelines. However, under the Reduced

Documentation Program, higher loan balances and Loan-to-Value Ratios are permitted for mortgage loans underwritten pursuant to the Expanded Underwriting Guidelines than those permitted under the Standard Underwriting Guidelines. The maximum Loan-to-Value Ratio, including secondary financing, ranges up to 90%. The borrower is not required to disclose any income information for some mortgage loans originated under the Reduced Documentation Program, and accordingly debt-to-income ratios are not calculated or included in the underwriting analysis. The maximum Loan-to-Value Ratio, including secondary financing, for those mortgage loans ranges up to 85%.

Under the No Income/No Asset Documentation Program, no documentation relating to a prospective borrower's income, employment or assets is required and therefore debt-to-income ratios are not calculated or included in the underwriting analysis, or if the documentation or calculations are included in a mortgage loan file, they are not taken into account for purposes of the underwriting analysis. This program is limited to borrowers with excellent credit histories. Under the No Income/No Asset Documentation Program, the maximum Loan-to-Value Ratio, including secondary financing, ranges up to 95%. Mortgage loans originated under the No Income/No Asset Documentation Program are generally eligible for sale to Fannie Mae or Freddie Mac.

As of the initial cut-off date, approximately 0.04% of the Initial Mortgage Loans, by aggregate Stated Principal Balance of the Initial Mortgage Loans as of the initial cut-off date, have been originated by Countrywide Home Loans under the No Income/No Asset Documentation Program.

Under the Stated Income/Stated Asset Documentation Program, the mortgage loan application is reviewed to determine that the stated income is reasonable for the borrower's employment and that the stated assets are consistent with the borrower's income. The Stated Income/Stated Asset Documentation Program permits maximum Loan-to-Value Ratios up to 90%. Mortgage loans originated under the Stated Income/Stated Asset Documentation Program are generally eligible for sale to Fannie Mae or Freddie Mac.

As of the initial cut-off date, approximately 7.60% of the Initial Mortgage Loans, by aggregate Stated Principal Balance of the Initial Mortgage Loans as of the initial cut-off date, have been originated by Countrywide Home Loans under the Stated Income/Stated Asset Program.

Under the Expanded Underwriting Guidelines, Countrywide Home Loans may also provide mortgage loans to borrowers who are not U.S. citizens, including permanent and non-permanent residents. The borrower is required to have a valid U.S. social security number or a certificate of foreign status (IRS form W-8). The borrower's income and assets must be verified under the Full Documentation Program or the Alternative Documentation Program. The maximum Loan-to-Value Ratio, including secondary financing, is 80%.

Servicing of Mortgage Loans

General

The master servicer will master service all of the Mortgage Loans in accordance with the terms set forth in the pooling and servicing agreement. The master servicer has agreed to service and administer the Mortgage Loans in accordance with customary and usual standards of practice of prudent mortgage loan lenders. The master servicer has also agreed to represent and protect the interest of the trustee in the Mortgage Loans in the same manner as it currently protects its own interest in mortgage loans in its own portfolio in any claim, proceeding or litigation regarding a Mortgage Loan. The master servicer is permitted to make a modification, waiver or amendment of a Mortgage Loan so long as the modification, waiver or amendment would comply with the general servicing standard described above, not cause any REMIC to fail to qualify as a REMIC, not result in the imposition of certain taxes and not extend the due date for a payment due on the related Mortgage Note for a period greater than 180 days. A modification, waiver or amendment may initially result in a reduction in the payments made under a Mortgage Loan, but it is expected that a modification, waiver or amendment will increase the payments made under the Mortgage Loan over the life of the Mortgage Loan.

The master servicer may perform any of its obligations under the pooling and servicing agreement through

one or more subservicers. Notwithstanding any subservicing arrangement, the master servicer will remain liable for its servicing duties and obligations under the pooling and servicing agreement as if the master servicer alone were servicing the Mortgage Loans. It is expected that Countrywide Home Loans Servicing LP will directly service substantially all of the Mortgage Loans.

Countrywide Home Loans Servicing LP

The principal executive offices of Countrywide Home Loans Servicing LP ("***Countrywide Servicing***") are located at 7105 Corporate Drive, Plano, Texas 75024. Countrywide Servicing is a Texas limited partnership directly owned by Countrywide GP, Inc. and Countrywide LP, Inc., each a Nevada corporation and a direct wholly owned subsidiary of Countrywide Home Loans. Countrywide GP, Inc. owns a 0.1% interest in Countrywide Servicing and is the general partner. Countrywide LP, Inc. owns a 99.9% interest in Countrywide Servicing and is a limited partner.

Countrywide Home Loans established Countrywide Servicing in February 2000 to service mortgage loans originated by Countrywide Home Loans that would otherwise have been serviced by Countrywide Home Loans. In January and February, 2001, Countrywide Home Loans transferred to Countrywide Servicing all of its rights and obligations relating to mortgage loans serviced on behalf of Freddie Mac and Fannie Mae, respectively. In October 2001, Countrywide Home Loans transferred to Countrywide Servicing all of its rights and obligations relating to the bulk of its non-agency loan servicing portfolio (other than the servicing of home equity lines of credit), including with respect to those mortgage loans (other than home equity lines of credit) formerly serviced by Countrywide Home Loans and securitized by certain of its affiliates. While Countrywide Home Loans expects to continue to directly service a portion of its loan portfolio, it is expected that the servicing rights for most newly originated Countrywide Home Loans mortgage loans will be transferred to Countrywide Servicing upon sale or securitization of the related mortgage loans. Countrywide Servicing is engaged in the business of servicing mortgage loans and will not originate or acquire loans, an activity that will continue to be performed by Countrywide Home Loans. In addition to acquiring mortgage servicing rights from Countrywide Home Loans, it is expected that Countrywide Servicing will service mortgage loans for non-Countrywide Home Loans affiliated parties as well as subservice mortgage loans on behalf of other master servicers.

In connection with the establishment of Countrywide Servicing, certain employees of Countrywide Home Loans became employees of Countrywide Servicing. Countrywide Servicing has engaged Countrywide Home Loans as a subservicer to perform certain loan servicing activities on its behalf.

Countrywide Servicing is an approved mortgage loan servicer for Fannie Mae, Freddie Mac, Ginnie Mae, HUD and VA and is licensed to service mortgage loans in each state where a license is required. Its loan servicing activities are guaranteed by Countrywide Financial and/or Countrywide Home Loans when required by the owner of the mortgage loans.

Countrywide Home Loans

Countrywide Home Loans, Inc., a New York corporation ("***Countrywide Home Loans***"), is the sponsor for the transaction and also a seller. Countrywide Home Loans is a direct wholly owned subsidiary of Countrywide Financial Corporation, a Delaware corporation ("***Countrywide Financial***"). The principal executive offices of Countrywide Home Loans are located at 4500 Park Granada, Calabasas, California 91302. Countrywide Home Loans is engaged primarily in the mortgage banking business, and as part of that business, originates, purchases, sells and services mortgage loans. Countrywide Home Loans originates mortgage loans through a retail branch system and through mortgage loan brokers and correspondents nationwide. Mortgage loans originated by Countrywide Home Loans are principally first-lien, fixed or adjustable rate mortgage loans secured by single-family residences.

Countrywide Home Loans has historically sold substantially all the mortgage loans that it has originated and purchased, generally through securitizations. Countrywide Home Loans does not always sell mortgage loans immediately after origination or acquisition, but may decide to sell certain mortgage loans in later periods as part of its overall management of interest rate risk. Countrywide Home Loans has been involved in the securitization of mortgage loans since 1969 when it was approved as a Federal National Mortgage Association seller/servicer.

Countrywide Home Loans reviews the structure of its securitizations and discusses the structure with the related underwriters.

Except as otherwise indicated, reference in the remainder of this section to “*Countrywide Home Loans*” should be read to include Countrywide Home Loans and its consolidated subsidiaries, including Countrywide Servicing. Countrywide Home Loans services substantially all of the mortgage loans it originates or acquires. In addition, Countrywide Home Loans has purchased in bulk the rights to service mortgage loans originated by other lenders. Countrywide Home Loans has in the past and may in the future sell to mortgage bankers and other institutions a portion of its portfolio of loan servicing rights. As of December 31, 2002, December 31, 2003, December 31, 2004, December 31, 2005 and September 30, 2006, Countrywide Home Loans provided servicing for mortgage loans with an aggregate principal balance of approximately \$452.405 billion, \$644.855 billion, \$838.322 billion, \$1,111.090 billion and \$1,244.311 billion, respectively, substantially all of which were being serviced for unaffiliated persons.

Mortgage Loan Production

The following table sets forth, by number and dollar amount of mortgage loans, Countrywide Home Loans’ residential mortgage loan production for the periods indicated.

	Consolidated Mortgage Loan Production					
	Ten Months Ended December 31, 2001	Years Ended December 31,				Nine Months Ended September 30, 2006
		2002	2003	2004	2005	
		(Dollars in millions, except average loan amount)				
Conventional Conforming Loans						
Number of Loans.....	504,975	999,448	1,517,743	846,395	809,630	559,501
Volume of Loans.....	\$ 76,432	\$ 150,110	\$ 235,868	\$ 138,845	\$ 167,675	\$ 109,872
Percent of Total Dollar Volume	61.7%	59.6%	54.2%	38.2%	34.1%	32.9%
Conventional Non-conforming Loans						
Number of Loans.....	137,593	277,626	554,571	509,711	826,178	479,627
Volume of Loans.....	\$ 22,209	\$ 61,627	\$ 136,664	\$ 140,580	\$ 225,217	\$ 148,652
Percent of Total Dollar Volume	17.9%	24.5%	31.4%	38.7%	45.9%	44.5%
FHA/VA Loans						
Number of Loans.....	118,734	157,626	196,063	105,562	80,528	65,618
Volume of Loans.....	\$ 14,109	\$ 19,093	\$ 24,402	\$ 13,247	\$ 10,712	\$ 9,436
Percent of Total Dollar Volume	11.4%	7.6%	5.6%	3.6%	2.2%	2.8%
Prime Home Equity Loans						
Number of Loans.....	164,503	316,049	453,817	587,046	683,887	519,895
Volume of Loans.....	\$ 5,639	\$ 11,650	\$ 18,103	\$ 30,893	\$ 42,706	\$ 35,229
Percent of Total Dollar Volume	4.5%	4.6%	4.2%	8.5%	8.7%	10.6%
Nonprime Mortgage Loans						
Number of Loans.....	43,359	63,195	124,205	250,030	278,112	188,558
Volume of Loans.....	\$ 5,580	\$ 9,421	\$ 19,827	\$ 39,441	\$ 44,637	\$ 30,545
Percent of Total Dollar Volume	4.5%	3.7%	4.6%	11.0%	9.1%	9.2%
Total Loans						
Number of Loans.....	969,164	1,813,944	2,846,399	2,298,744	2,678,335	1,813,199
Volume of Loans.....	\$ 123,969	\$ 251,901	\$ 434,864	\$ 363,006	\$ 490,947	\$ 333,734
Average Loan Amount.....	\$ 128,000	\$ 139,000	\$ 153,000	\$ 158,000	\$ 183,000	\$ 184,000
Non-Purchase Transactions(1)	63%	66%	72%	51%	53%	53%
Adjustable-Rate Loans(1).....	12%	14%	21%	52%	52%	48%

(1) Percentage of total mortgage loan production (excluding commercial real estate loans) based on dollar volume.

Loan Servicing

Countrywide Servicing has established standard policies for the servicing and collection of mortgages. Servicing includes, but is not limited to:

- collecting, aggregating and remitting mortgage loan payments;
- accounting for principal and interest;
- holding escrow (impound) funds for payment of taxes and insurance;
- making inspections as required of the mortgaged properties;
- preparation of tax related information in connection with the mortgage loans;
- supervision of delinquent mortgage loans;
- loss mitigation efforts;
- foreclosure proceedings and, if applicable, the disposition of mortgaged properties; and
- generally administering the mortgage loans, for which it receives servicing fees.

Billing statements with respect to mortgage loans are mailed monthly by Countrywide Servicing. The statement details all debits and credits and specifies the payment due. Notice of changes in the applicable loan rate are provided by Countrywide Servicing to the borrower with these statements.

Collection Procedures

When a borrower fails to make a payment on a mortgage loan, Countrywide Servicing attempts to cause the deficiency to be cured by corresponding with the borrower. In most cases, deficiencies are cured promptly. Pursuant to Countrywide Servicing's servicing procedures, Countrywide Servicing generally mails to the borrower a notice of intent to foreclose after the loan becomes 61 days past due (three payments due but not received) and, generally within 59 days thereafter, if the loan remains delinquent, institutes appropriate legal action to foreclose on the mortgaged property. Foreclosure proceedings may be terminated if the delinquency is cured. Mortgage loans to borrowers in bankruptcy proceedings may be restructured in accordance with law and with a view to maximizing recovery of the loans, including any deficiencies.

Once foreclosure is initiated by Countrywide Servicing, a foreclosure tracking system is used to monitor the progress of the proceedings. The system includes state specific parameters to monitor whether proceedings are progressing within the time frame typical for the state in which the mortgaged property is located. During the foreclosure proceeding, Countrywide Servicing determines the amount of the foreclosure bid and whether to liquidate the mortgage loan.

If foreclosed, the mortgaged property is sold at a public or private sale and may be purchased by Countrywide Servicing. After foreclosure, Countrywide Servicing may liquidate the mortgaged property and charge-off the loan balance which was not recovered through liquidation proceeds.

Servicing and charge-off policies and collection practices with respect to mortgage loans may change over time in accordance with, among other things, Countrywide Servicing's business judgment, changes in the servicing portfolio and applicable laws and regulations.

Servicing Compensation and Payment of Expenses

The “**Expense Fee Rate**” is the per annum rate at which the expense fees accrue on the principal balance of each Mortgage Loan. The expense fees with respect to the mortgage pool are payable out of the interest payments on each Mortgage Loan.

The expense fees consist of:

- the master servicing fee payable to the master servicer in respect of its servicing activities (the “**Master Servicing Fee**”) with respect to each Mortgage Loan, equal to one-twelfth of the stated principal balance of that Mortgage Loan multiplied by the Master Servicing Fee Rate,
- fees payable to the trustee in respect of its activities as trustee under the pooling and servicing agreement, and
- lender paid mortgage insurance premiums, if any.

The “**Master Servicing Fee Rate**” is 0.375% and 0.425% per annum with respect to approximately 98.29% and 1.71% of the Initial Mortgage Loans, respectively, by aggregate Stated Principal Balance of the Initial Mortgage Loans as of the initial cut-off date.

In cases where a Mortgage Loan is being directly serviced by a subservicer, the subservicer will be entitled to a portion of the Master Servicing Fee. The master servicer is obligated to pay some but not all ongoing expenses associated with the issuing entity and incurred by the master servicer in connection with its responsibilities under the pooling and servicing agreement and those amounts will be paid by the master servicer out of the Master Servicing Fee. The amount of the Master Servicing Fee is subject to adjustment with respect to prepaid Mortgage Loans, as described under “—*Adjustment to Servicing Compensation in Connection with Certain Prepaid Mortgage Loans*” in this prospectus supplement. The master servicer is also entitled to receive, as additional servicing compensation, all late payment fees, assumption fees and other similar charges (excluding prepayment charges) and all reinvestment income earned on amounts on deposit in the Certificate Account and Distribution Account and Excess Proceeds with respect to the Mortgage Loans as described under “*Description of the Certificates—Fees and Expenses*”.

Adjustment to Servicing Compensation in Connection with Certain Prepaid Mortgage Loans

When a borrower prepays a Mortgage Loan between Due Dates, the borrower is required to pay interest on the amount prepaid only to the date of prepayment and not thereafter. Principal prepayments by borrowers received by the master servicer will be distributed to certificateholders on the Distribution Date in the month following the month of receipt and, accordingly, a shortfall in the amount of interest to be distributed to certificateholders with respect to the prepaid Mortgage Loans would result. Pursuant to the pooling and servicing agreement, the Master Servicing Fee for any month will be reduced by an amount sufficient to pass through to the certificateholders the full amount of interest to which they would be entitled for each prepaid Mortgage Loan on the related Distribution Date. However, the Master Servicing Fee on a Distribution Date will only be reduced by not more than one-half of the Master Servicing Fee for that Distribution Date for the Mortgage Loans (the “**Compensating Interest**”).

If shortfalls in interest as a result of prepayments on the Mortgage Loans in any Prepayment Period exceed the Compensating Interest for the related Distribution Date, the amount of interest distributed to the certificateholders will be reduced by the amount of the excess. See “*Description of the Certificates—Interest*” in this prospectus supplement.

Any shortfalls in interest as a result of prepayments on the Mortgage Loans will not be covered by the Class A-3A Policy and will be borne by the holders of the Class A-3A Certificates.

Advances

Subject to the following limitations, the master servicer will be required to advance before each Distribution Date, from its own funds or funds in the Certificate Account that do not constitute Available Funds for the Distribution Date, an amount equal to:

- the aggregate of payments of principal and interest on the Mortgage Loans (net of the related Master Servicing Fee) that were due on the related Due Date and that were delinquent on the related Determination Date; and
- an amount equivalent to interest (net of the Master Servicing Fee Rate) on each Mortgage Loan as to which the related mortgaged property has been acquired by the issuing entity through foreclosure or deed-in-lieu of foreclosure (net of any net income on the property).

The “**Determination Date**” is the 15th day of each month or, if that day is not a business day, the preceding business day; provided that the Determination Date in each month will be at least two business days before the related Distribution Date.

Advances are intended to maintain a regular flow of scheduled interest and principal payments on the certificates rather than to guarantee or insure against losses. The master servicer is obligated to make advances with respect to delinquent payments of principal of or interest on each Mortgage Loan to the extent that the advances are, in its reasonable judgment, recoverable from future payments and collections or insurance payments or proceeds of liquidation of the related Mortgage Loan. If the master servicer determines on any Determination Date to make an advance, the advance will be included with the distribution to certificateholders on the related Distribution Date. Any failure by the master servicer to make a deposit in the Certificate Account as required under the pooling and servicing agreement, including any failure to make an advance, will constitute an event of default under the pooling and servicing agreement if the failure remains unremedied for five days after written notice of the event of default. If the master servicer is terminated as a result of the occurrence of an event of default, the trustee or the successor master servicer will be obligated to make any advance, in accordance with the terms of the pooling and servicing agreement.

An Advance will be reimbursed from the payments on the Mortgage Loan with respect to which the Advance was made. However, if an Advance is determined to be nonrecoverable and the master servicer delivers an officer's certificate to the trustee indicating that the Advance is nonrecoverable, the master servicer will be entitled to withdraw from the Certificate Account an amount equal to the nonrecoverable Advance. Reimbursement for Advances and nonrecoverable Advances will be made prior to distributions on the certificates.

Certain Modifications and Refinancings

Countrywide Home Loans will be permitted under the pooling and servicing agreement to solicit borrowers for reductions to the Mortgage Rates of their respective Mortgage Loans. If a borrower requests such a reduction, the master servicer will be permitted to agree to the rate reduction provided that Countrywide Home Loans purchases the Mortgage Loan from the issuing entity immediately following the modification. Any purchase of a Mortgage Loan subject to a modification will be for a price equal to 100% of the Stated Principal Balance of that Mortgage Loan, plus accrued and unpaid interest on the Mortgage Loan up to the next Due Date at the applicable Net Mortgage Rate, net of any unreimbursed advances of principal and interest on the Mortgage Loan made by the master servicer. Countrywide Home Loans will remit the purchase price to the master servicer for deposit into the Certificate Account within one business day of the purchase of that Mortgage Loan. Purchases of Mortgage Loans may occur when prevailing interest rates are below the interest rates on the Mortgage Loans and borrowers request modifications as an alternative to refinancings. Countrywide Home Loans will indemnify the issuing entity against liability for any prohibited transactions taxes and related interest, additions or penalties incurred by any REMIC as a result of any modification or purchase.

The Issuing Entity

In connection with the issuance of the certificates, the depositor has formed Alternative Loan Trust 2006-OA19, a common law trust created under the laws of the State of New York, pursuant to the pooling and servicing agreement. Alternative Loan Trust 2006-OA19 is referred to in this prospectus supplement as the “*issuing entity*” and is referred to in the prospectus as the “*trust*” or “*trust fund*”. The trustee serves as trustee of the issuing entity and acts on behalf of the issuing entity as the issuing entity does not have any directors, officers or employees. The fiscal year end of the issuing entity is December 31.

The issuing entity’s activities are limited to the transactions and activities entered into in connection with the securitization described in this prospectus supplement, and except for those activities, the issuing entity is not authorized and has no power to borrow money or issue debt, merge with another entity, reorganize, liquidate or sell assets or engage in any business or activities. Consequently, the issuing entity is not permitted to hold any assets, or incur any liabilities, other than those described in this prospectus supplement. Since the issuing entity is created pursuant to the pooling and servicing agreement, the issuing entity and its permissible activities can only be amended or modified by amending the pooling and servicing agreement.

Since the issuing entity is a common law trust, it may not be eligible for relief under the federal bankruptcy laws, unless it can be characterized as a “business trust” for purposes of the federal bankruptcy laws. Bankruptcy courts look at various considerations in making this determination, so it is not possible to predict with any certainty whether or not the issuing entity would be characterized as a “business trust.”

Static Pool Data

Certain static pool data with respect to the delinquency, cumulative loss and prepayment data for Countrywide Home Loans is available online at <http://www.countrywidedealsdata.com?CWDD=01200610>. This static pool data is not deemed part of the prospectus or the registration statement of which the prospectus is a part to the extent that the static pool data relates to:

- prior securitized pools of Countrywide Home Loans that do not include the Mortgage Loans and that were established before January 1, 2006; or
- in the case of information regarding the Mortgage Loans, information about the Mortgage Loans for periods before January 1, 2006.

We cannot assure you that the prepayment, loss or delinquency experience of the Mortgage Loans sold to the issuing entity will be comparable to the historical prepayment, loss or delinquency experience of any of the other securitized pools sponsored by the Countrywide Home Loans. In this regard, you should note how the characteristics of the mortgage loans in those securitized pools differ from the characteristics of the issuing entity’s Mortgage Loans. Such differences, along with the varying economic conditions to which those securitized pools were subject, may make it unlikely that the issuing entity’s Mortgage Loans will perform in the same way that any of those pools has performed.

Description of the Certificates

General

The certificates will be issued pursuant to the pooling and servicing agreement. We summarize below the material terms and provisions pursuant to which the certificates will be issued. The summaries are subject to, and are qualified in their entirety by reference to, the provisions of the pooling and servicing agreement. When particular provisions or terms used in the pooling and servicing agreement are referred to, the actual provisions (including definitions of terms) are incorporated by reference. We will file a final copy of the pooling and servicing agreement after the issuing entity issues the certificates.

The certificates represent obligations of the issuing entity only and do not represent an interest in or obligation of CWALT, Inc., Countrywide Home Loans, Inc. (or any other seller), Countrywide Home Loans Servicing LP or any of their affiliates.

The Mortgage Pass-Through Certificates, Series 2006-OA19 will consist of the Class A-1, Class A-2, Class A-3A, Class A-3B, Class A-4, Class A-5, Class X-P, Class A-R, Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7, Class M-8, Class M-9, Class M-10, Class B-1, Class B-2 and Class B-3 Certificates. Only the classes of certificates listed on the cover page are offered by this prospectus supplement (the “*offered certificates*”). The Class B-1, Class B-2 and Class B-3 Certificates are not offered by this prospectus supplement. Any information presented in this prospectus supplement with respect to the Class B-1, Class B-2 and Class B-3 Certificates is provided only to permit a better understanding of the offered certificates.

When describing the certificates in this prospectus supplement, we use the following terms:

Designation	Classes of Certificates
Senior Certificates	Class A-1, Class A-2, Class A-3A, Class A-3B, Class A-4, Class A-5, Class X-P, and Class A-R Certificates
Subordinated Certificates	Class M and Class B Certificates
LIBOR Certificates	Class A-1, Class A-2, Class A-3A, Class A-3B, Class A-4, Class A-5, Class M and Class B Certificates
Class M Certificates	Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7, Class M-8, Class M-9 and Class M-10 Certificates
Class B Certificates	Class B-1, Class B-2 and Class B-3 Certificates
IO Components	Class X-P IO-1 and Class X-P IO-2 Components
PO Components	Class X-P PO-1 and Class X-P PO-2 Components
Offered Certificates	Senior Certificates and Class M Certificates
Private Certificates	Class B-1, Class B-2 and Class B-3 Certificates

The certificates are generally referred to as the following types:

Class	Type
Class A-1 Certificates	Senior/Floating Pass-Through Rate/Super Senior
Class A-2 Certificates	Senior/Floating Pass-Through Rate/Super Senior/Support
Class A-3A Certificates	Senior/Floating Pass-Through Rate/Support
Class A-3B Certificates	Senior/Floating Pass-Through Rate/Support
Class A-4 Certificates	Senior/Floating Pass-Through Rate/Super Senior
Class A-5 Certificates	Senior/Floating Pass-Through Rate/Support
Class X-P Certificates	Senior/Variable Pass-Through Rate/Component
Class A-R Certificates	Senior/Variable Pass-Through Rate/Residual
Subordinated Certificates	Subordinate/Floating Pass-Through Rate

The Class X-P Certificates will be entitled to all prepayment charges received in respect of the Mortgage Loans, and such amounts will not be available for distribution to the holders of the other classes of certificates.

The senior certificates will have an initial aggregate Class Certificate Balance of approximately \$1,084,125,100 and will evidence in the aggregate an initial beneficial ownership interest of approximately 88.50% in the issuing entity. The subordinated certificates will each evidence the initial beneficial ownership interest in the issuing entity set forth below:

<u>Class of Subordinated Certificates</u>	<u>Initial Beneficial Ownership Interest</u>
Class M-1	2.25%
Class M-2	2.00%
Class M-3	0.75%
Class M-4	0.75%
Class M-5	0.75%
Class M-6	0.50%
Class M-7	0.50%
Class M-8	0.50%
Class M-9	0.50%
Class M-10	0.90%
Class B-1	0.70%
Class B-2	0.50%
Class B-3	0.90%

The initial Class Certificate Balances or initial Notional Amounts of the certificates may vary in the aggregate by plus or minus 10%.

Calculation of Class Certificate Balance

The “*Class Certificate Balance*” of any class of certificates (other than the Class X-P Certificates) as of any Distribution Date is the initial Class Certificate Balance of the class, *reduced by* the sum of

- all amounts previously distributed to holders of certificates of the class as payments of principal,
- the amount of Realized Losses allocated to the class,

and, *increased by*

- the amount of Net Deferred Interest incurred by the Mortgage Loans and allocated to such class of certificates, as described in this prospectus supplement under “*Description of the Certificates—Interest*”;

provided, however to the extent Realized Losses have been allocated to the Class Certificate Balances or Component Principal Balances of the certificates or components, the Class Certificate Balances or Component Principal Balances of the classes to which the Realized Losses have been allocated will be increased, sequentially in the order of distribution priority (from highest to lowest), by the amount of Subsequent Recoveries on the Mortgage Loans distributed as principal to any related class of certificates or component, but not by more than the amount of Realized Losses previously allocated to reduce the Class Certificate Balance or Component Principal Balance of that class of certificates or component; *provided, further*, that to the extent a Realized Loss was covered under the Class A-3A Policy, then the Class A-3A Insurer’s subrogation rights with respect to Subsequent Recoveries may entitle it to receipt of cash distributed to the Class A-3A Certificates instead of the Class A-3A Certificates. See “*Credit Enhancement—The Certificate Guaranty Insurance Policy*” in this prospectus supplement and “*Application of Liquidation Proceeds*” in the prospectus.

In addition, the Class Certificate Balance of the class of subordinated certificates then outstanding with the lowest distribution priority will be reduced if and to the extent that the aggregate Class Certificate Balance of all classes of certificates, following all distributions and the allocation of Realized Losses on any Distribution Date, exceeds the sum of the pool principal balance and the amount on deposit in the Pre-Funding Account.

The calculation of the Class Certificate Balance of the Class X-P Certificates is described under “*Component Class*” below.

Component Class

Solely for purposes of calculating distributions of principal and interest and allocation of Realized Losses and Deferred Interest on the Mortgage Loans, the Class X-P Certificates will be made up of the components having the designations, initial Component Principal Balances and initial Component Notional Amounts set forth below.

Class	Component Designation	Initial Component Principal Balance	Initial Component Notional Amount
Class X-P Certificates	Class X-P IO-1 Component	N/A	\$ 1,084,125,000
	Class X-P IO-2 Component	N/A	\$ 140,874,900
	Class X-P PO-1 Component ...	\$0	N/A
	Class X-P PO-2 Component ...	\$0	N/A

The initial Component Notional Amounts set forth in the preceding table may vary by plus or minus 10%. The components comprising the Class X-P Certificates will not be separately transferable from such class of certificates.

The “*Class Certificate Balance*” of the Class X-P Certificates will equal the aggregate Component Principal Balance of its PO Components, and the “*Notional Amount*” of the Class X-P Certificates will equal the aggregate Component Notional Amount of its IO Components.

IO Components. Each of the Class X-P IO-1 and Class X-P IO-2 Components is referred to as an “*IO Component*.” An IO Component will not have a Component Principal Balance and is not entitled to any distributions in respect of principal, but will bear interest on its respective outstanding Component Notional Amount.

For the interest accrual period related to any Distribution Date, the “*Component Notional Amount*” of the IO Components will be equal to:

- for the Class X-P IO-1 Component, the sum of (i) the aggregate Class Certificate Balance of the Class A-1, Class A-2, Class A-3A, Class A-3B, Class A-4 and Class A-5 Certificates immediately prior to that Distribution Date and (ii) the Component Principal Balance of the Class X-P PO-1 Component immediately prior to that Distribution Date,
- for the Class X-P IO-2 Component, the sum of (1) the excess, if any, of the aggregate Stated Principal Balance of the Mortgage Loans as of the first day of the related Due Period and the amount on deposit in the Pre-Funding Account over the sum of (a) the aggregate Class Certificate Balance of the Class A-1, Class A-2, Class A-3A, Class A-3B, Class A-4, Class A-5 and Class A-R Certificates immediately prior to that Distribution Date and (b) the aggregate Component Principal Balance of the PO Components immediately prior to that Distribution Date and (2) the Component Principal Balance of the Class X-P PO-2 Component immediately prior to that Distribution Date.

PO Components. Each of the Class X-P PO-1 and Class X-P PO-2 Components is referred to as a “*PO Component*.” The PO Components do not have pass-through rates and do not bear interest.

Each PO Component will have a “**Component Principal Balance**” (initially, equal to zero) that will increase by:

- the amount of Net Deferred Interest on the Mortgage Loans allocated to the IO Component with the same alpha-numeric designation, and
- the amount of Subsequent Recoveries allocated to that PO Component as described under “—*Calculation of Class Certificate Balance*” above,

and will decrease by

- all amounts actually distributed as principal of that PO Component on all prior Distribution Dates, and
- all Realized Losses applied in reduction of principal of that PO Component on all prior Distribution Dates.

Class X-P Certificates

In addition to the distributions of interest and principal described in this prospectus supplement, on each Distribution Date, the Class X-P Certificates will be entitled to receive all of the prepayment charges received with respect to the Mortgage Loans during the related Prepayment Period.

The master servicer may not waive any prepayment charge or portion thereof unless (i) the master servicer determines that such waiver would maximize recovery of liquidation proceeds for the Mortgage Loan, taking into account the value of the prepayment charge, or (ii) (A) the enforceability of the prepayment charge is limited (1) by bankruptcy, insolvency, moratorium, receivership, or other similar law relating to creditors’ rights generally or (2) due to acceleration in connection with a foreclosure or other involuntary payment, or (B) the enforceability of the prepayment charge is otherwise limited or prohibited by applicable law. If the master servicer has waived or does not collect all or a portion of a prepayment charge relating to a principal prepayment in full or in part due to any action or omission of the master servicer, other than as provided above, the master servicer will deliver to the trustee, together with the principal prepayment in full or in part, the amount of such prepayment charge (or such portion as had been waived) for deposit into the Certificate Account, and the Class X-P Certificates will be entitled to receive the amount deposited by the master servicer in respect of such waived prepayment charge as if such prepayment charge was made by the related borrower.

There is no mechanism to ensure that the correct amounts of prepayment charges or payments in lieu thereof are made. The ratings assigned to the Class X-P Certificates do not address the likelihood that any prepayment charges will be received by the Class X-P Certificates.

Book-Entry Certificates; Denominations

The offered certificates, other than the Class A-R Certificates, will be issued as book-entry certificates. The Class A-R Certificates will be issued as two certificates in fully registered certificated form in an aggregate denomination of \$100. Each class of book-entry certificates will be issued as one or more certificates that in the aggregate will equal the initial Class Certificate Balance of each class of certificates (or in the case of the Class X-P Certificates, the initial Notional Amount of such class of certificates) and that will be held by a depository, which will initially be a nominee of The Depository Trust Company. Beneficial interests in the book-entry certificates will be held indirectly by investors through the book-entry facilities of the depository, as described in this prospectus supplement. Investors may hold the beneficial interests in the book-entry certificates in minimum denominations representing (i) an original principal amount or notional amount of \$25,000 and integral multiples of \$1 in excess thereof, in the case of the LIBOR Certificates and (ii) Notional Amounts of \$100,000 and integral multiples of \$1 in excess thereof, in the case of the Class X-P Certificates. The depositor has been informed by the depository that its nominee will be CEDE & Co. (“**CEDE**”). Accordingly, CEDE is expected to be the holder of record of the book-entry certificates. Except as described in the prospectus under “*Description of the Securities—Book-Entry*”

Registration of Securities,” no beneficial owner acquiring a book-entry certificate will be entitled to receive a physical certificate representing the certificate.

Unless and until definitive certificates are issued, it is anticipated that the only certificateholder of the book-entry certificates will be CEDE, as nominee of the depository. Beneficial owners of the book-entry certificates will not be certificateholders, as that term is used in the pooling and servicing agreement. Beneficial owners are only permitted to exercise the rights of certificateholders indirectly through financial intermediaries and the depository. Monthly and annual reports on the issuing entity provided to CEDE, as nominee of the depository, may be made available to beneficial owners upon request, in accordance with the rules, regulations and procedures creating and affecting the depository, and to the financial intermediaries to whose depository accounts the book-entry certificates of the beneficial owners are credited.

For a description of the procedures generally applicable to the book-entry certificates, see “*Description of the Securities—Book-Entry Registration of Securities*” in the prospectus.

Although The Depository Trust Company has agreed to the foregoing procedures in order to facilitate transfers of certificates among participants of The Depository Trust Company, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time.

Determination of LIBOR

The LIBOR Certificates will bear interest during each interest accrual period thereafter at the applicable rate determined as described in the table under “—*Interest*” below. “**LIBOR**” applicable to an interest accrual period for the LIBOR Certificates will be determined on the second business day prior to the commencement of that interest accrual period (a “**LIBOR Determination Date**”). On each LIBOR Determination Date, the trustee, as calculation agent, will establish LIBOR for the related interest accrual period on the basis of the rate for one-month deposits in U.S. dollars quoted on the Bloomberg Terminal for that LIBOR Determination Date.

If on any LIBOR Determination Date, the calculation agent is unable to calculate LIBOR in accordance with the method set forth in the immediately preceding paragraph, LIBOR for the next interest accrual period shall be calculated in accordance with the method described in the prospectus under “*Description of the Securities—Indices Applicable to Floating Rate and Inverse Floating Rate Classes—BBA Method*.”

If on the initial LIBOR Determination Date, the calculation agent is required but unable to determine LIBOR in the manner provided in this prospectus supplement, LIBOR for the next interest accrual period will be 5.320%.

Payments on Mortgage Loans; Accounts

Certificate Account. On or before the closing date, the master servicer will establish an account (the “**Certificate Account**”), which will be maintained in trust for the benefit of the certificateholders and the Class A-3A Insurer. The Certificate Account will be established by the master servicer initially at Countrywide Bank, N.A., which is an affiliate of the depositor, the sellers and the master servicer. The master servicer will deposit or cause to be deposited in the Certificate Account, within two business days after receipt (or, on a daily basis, if the long-term credit rating of Countrywide Home Loans has been reduced below the rating specified in the pooling and servicing agreement) the following payments and collections remitted by subservicers or received by it in respect of Mortgage Loans subsequent to the initial cut-off date or supplemental cut-off date, as applicable (other than in respect of principal and interest due on the Mortgage Loans on or before the initial cut-off date or supplemental cut-off date, as applicable) and the following amounts required to be deposited under the pooling and servicing agreement:

- all payments on account of principal on the Mortgage Loans, including Principal Prepayments,
- all payments on account of interest on the Mortgage Loans, net of the related master servicing fee (as adjusted by Compensating Interest payments) and any lender paid mortgage insurance premiums,

- all payments on account of prepayment charges on the Mortgage Loans,
- all insurance proceeds, Subsequent Recoveries and liquidation proceeds, other than proceeds to be applied to the restoration or repair of a mortgaged property or released to the borrower in accordance with the master servicer's normal servicing procedures,
- any amount required to be deposited by the master servicer pursuant to the pooling and servicing agreement in connection with any losses on permitted investments for which it is responsible,
- any amounts received by the master servicer with respect to primary mortgage insurance and in respect of net monthly rental income from any mortgaged property that the master servicer or its designee has acquired through foreclosure or deed-in-lieu of foreclosure in connection with a defaulted Mortgage Loan ("**REO Property**"),
- all Substitution Adjustment Amounts, and
- all Advances made by the master servicer.

Prior to their deposit into the Certificate Account, payments and collections on the Mortgage Loans will be commingled with payments and collections on other mortgage loans and other funds of the master servicer. For a discussion of the risks that arise from the commingling of payments and collections, see "*Risk Factors—Bankruptcy Or Insolvency May Affect The Timing And Amount Of Distributions On The Securities*" in the prospectus.

The master servicer may from time to time make withdrawals from the Certificate Account for the following purposes:

- to pay to the master servicer the master servicing fee and the additional servicing compensation (to the extent not previously retained by the master servicer) described above under "*Servicing of Mortgage Loans—Servicing Compensation and Payment of Expenses*",
- to reimburse each of the master servicer and the trustee for unreimbursed Advances made by it, which right of reimbursement pursuant to this subclause being limited to amounts received on the Mortgage Loan in respect of which any such Advance was made,
- to reimburse each of the master servicer and the trustee for any nonrecoverable advance previously made by it (and prior to the reimbursement, the master servicer will deliver to the trustee an officer's certificate indicating the amount of the nonrecoverable Advance and identifying the related Mortgage Loan, and their respective portions of the nonrecoverable advance),
- to reimburse the master servicer for insured expenses from the related insurance proceeds,
- to reimburse the master servicer for any unreimbursed customary, reasonable and necessary "out of pocket" costs and expenses incurred in the performance by the master servicer of its servicing obligations, including, but not limited to, the cost of (1) the preservation, restoration and protection of a mortgaged property, (2) any enforcement or judicial proceedings, including foreclosures, (3) the management and liquidation of any REO Property and (4) maintaining any required insurance policies (collectively, "**Servicing Advances**"), which right of reimbursement pursuant to this clause is limited to amounts received representing late recoveries of the payments of these costs and expenses (or liquidation proceeds or Subsequent Recoveries, purchase proceeds or repurchase proceeds with respect thereto),
- to pay to the purchaser, with respect to each Mortgage Loan or property acquired in respect thereof that it has purchased as required under the pooling and servicing agreement, all amounts received on such Mortgage Loan after the date of such purchase,

- to reimburse the sellers and the master servicer for expenses incurred by any of them and reimbursable pursuant to the pooling and servicing agreement,
- to withdraw any amount deposited in the Certificate Account and not required to be deposited in the Certificate Account,
- to withdraw an amount equal to the sum of (a) the related Available Funds, (b) any prepayment charges received on the Mortgage Loans and (c) the Trustee Fee for such Distribution Date and remit such amount to the trustee for deposit in the Distribution Account, and
- to clear and terminate the Certificate Account upon termination of the pooling and servicing agreement.

The master servicer is required to maintain separate accounting, on a Mortgage Loan by Mortgage Loan basis, for the purpose of justifying any withdrawal from the Certificate Account described in the first six bullet points above.

Distribution Account. On or before the business day immediately preceding each Distribution Date, the master servicer will withdraw from the Certificate Account the amount of Available Funds, any prepayment charges received on the Mortgage Loans and the Trustee Fee and will deposit those amounts in an account established and maintained with the trustee on behalf of the certificateholders (the “*Distribution Account*”). Upon termination of the Funding Period, the trustee will deposit into the Distribution Account any amounts remaining in the Pre-Funding Account, other than the investment earnings, for distribution to the certificateholders. The trustee will, promptly upon receipt, deposit in the Distribution Account and retain therein:

- the aggregate amount remitted by the master servicer to the trustee, and
- any amount required to be deposited by the master servicer in connection with any losses on investment of funds in the Distribution Account.

The trustee will withdraw funds from the Distribution Account for distribution to the certificateholders and the Class A-3A Insurer as described below under “—Priority of Distributions Among Certificates” and may from time to time make withdrawals from the Distribution Account:

- to pay the Trustee Fee to the trustee,
- to pay to the master servicer, as additional servicing compensation, earnings on or investment income with respect to funds in or credited to the Distribution Account,
- to withdraw any amount deposited in the Distribution Account and not required to be deposited therein (which withdrawal may be at the direction of the master servicer through delivery of a written notice to the trustee describing the amounts deposited in error), and
- to clear and terminate the Distribution Account upon the termination of the pooling and servicing agreement.

There is no independent verification of the transaction accounts or the transaction activity with respect to the Distribution Account.

Prior to each Determination Date, the master servicer is required to provide the trustee a report containing the data and information concerning the Mortgage Loans that is required by the trustee to prepare the monthly statement to certificateholders for the related Distribution Date. See “—Reports to Certificateholders” in this prospectus supplement. The trustee is not responsible for recomputing, recalculating or verifying the information provided to it by the master servicer in that report and will be permitted to conclusively rely on any information provided to it by the master servicer.

Investments of Amounts Held in Accounts

The Certificate Account, the Distribution Account, the Pre-funding Account and the Capitalized Interest Account. All funds in the Certificate Account, the Distribution Account, the Pre-funding Account and the Capitalized Interest Account will be invested in permitted investments at the direction, and for the benefit and risk, of the master servicer. In the case of:

- the Certificate Account and the Distribution Account, all income and gain net of any losses realized from the investment will be for the benefit of the master servicer as additional servicing compensation and will be remitted to it monthly as described herein;
- the Pre-funding Account, all income and gain net of any losses realized from the investment will be for the benefit of the depositor and will be remitted to the depositor as described herein; and
- the Capitalized Interest Account, any amounts remaining after making distributions of interest on the first Distribution Date following the end of the Funding Period will be paid to the depositor and will not thereafter be available for distribution to certificateholders.

The amount of any losses incurred in the Certificate Account or the Distribution Account in respect of the investments will be deposited by the master servicer in the Certificate Account or paid to the trustee for deposit into the Distribution Account out of the master servicer's own funds immediately as realized. The amount of any losses incurred in the Pre-funding Account or the Capitalized Interest Account in respect of the investments will be deposited by the depositor into the Pre-funding Account or the Capitalized Interest Account, as applicable out of the depositor's own funds immediately as realized. The trustee will not be liable for the amount of any loss incurred in respect of any investment or lack of investment of funds held in the Certificate Account, the Distribution Account, the Pre-funding Account or the Capitalized Interest Account and made in accordance with the pooling and servicing agreement.

Fees and Expenses

The following summarizes the related fees and expenses to be paid from the assets of the issuing entity and the source of payments for the fees and expenses:

Type / Recipient (1)	Amount	General Purpose	Source (2)	Frequency
Fees				
Master Servicing Fee / Master Servicer	One-twelfth of the Stated Principal Balance of each Mortgage Loan multiplied by the Master Servicing Fee Rate (3)	Compensation	Amounts on deposit in the Certificate Account representing payments of interest and application of liquidation proceeds with respect to that Mortgage Loan	Monthly
	<ul style="list-style-type: none"> All late payment fees, assumption fees and other similar charges (excluding prepayment charges) 	Compensation	Payments made by obligors with respect to the Mortgage Loans	Time to time
	<ul style="list-style-type: none"> All investment income earned on amounts on deposit in the Certificate Account and Distribution Account 	Compensation	Investment income related to the Certificate Account and the Distribution Account	Monthly
	<ul style="list-style-type: none"> Excess Proceeds (4) 	Compensation	Liquidation proceeds and Subsequent Recoveries	Time to time
Trustee Fee (the "Trustee Fee") / Trustee	One-twelfth of the Trustee Fee Rate multiplied by the aggregate Stated Principal Balance of the outstanding Mortgage Loans (5)	Compensation	Amounts on deposit in the Certificate Account or the Distribution Account	Monthly
Class A-3A Insurance Premium (the "Class A-3A Premium") / Class A-3A Insurer	Class A-3A Premium (6)	Compensation	Amounts on deposit in the Distribution Account	Monthly
Expenses				
Insured expenses / Master Servicer	Expenses incurred by the master servicer	Reimbursement of Expenses	To the extent the expenses are covered by an insurance policy with respect to the Mortgage Loan	Time to time
Servicing Advances / Master Servicer	To the extent of funds available, the amount of any Servicing Advances	Reimbursement of Expenses	With respect to each Mortgage Loan, late recoveries of the payments of the costs and expenses, liquidation proceeds, Subsequent Recoveries, purchase proceeds or repurchase proceeds for that Mortgage Loan (7)	Time to time
Indemnification expenses / the sellers, the master servicer and the depositor	Amounts for which the sellers, the master servicer and depositor are entitled to indemnification (8)	Indemnification	Amounts on deposit on the Certificate Account	Monthly

- (1) If the trustee succeeds to the position of master servicer, it will be entitled to receive the same fees and expenses of the master servicer described in this prospectus supplement. Any increase in the fees and expenses described in this prospectus supplement would require an amendment to the pooling and servicing agreement.
- (2) Unless otherwise specified, the fees and expenses shown in this table are paid (or retained by the master servicer in the case of amounts owed to the master servicer) prior to distributions on the certificates.
- (3) The Master Servicing Fee Rate for each Initial Mortgage Loan will equal 0.375% per annum or 0.425% per annum as described under “*Servicing of Mortgage Loans—Servicing Compensation and Payment of Expenses*.” The amount of the monthly servicing fee is subject to adjustment with respect to Mortgage Loans that are prepaid in full, as described in this prospectus supplement under “*Servicing of Mortgage Loans—Adjustment to Servicing Compensation in Connection with Certain Prepaid Mortgage Loans*.”
- (4) “**Excess Proceeds**” with respect to a liquidated Mortgage Loan means the amount, if any, by which the sum of any net liquidation proceeds and Subsequent Recoveries exceed the sum of (i) the unpaid principal balance of the Mortgage Loan plus (ii) accrued interest on the Mortgage Loan at the Mortgage Rate during each Due Period as to which interest was not paid or advanced on the Mortgage Loan.
- (5) The “**Trustee Fee Rate**” is equal to 0.009% per annum.
- (6) The Class A-3A Premium Rate will equal 0.08% per annum. The Class A-3A Premium is described below in this prospectus supplement under “*Credit Enhancement—The Certificate Guaranty Insurance Policy*.”
- (7) Reimbursement of Servicing Advances for a Mortgage Loan is limited to the late recoveries of the payments of the costs and expenses, liquidation proceeds, Subsequent Recoveries, purchase proceeds or repurchase proceeds for that Mortgage Loan.
- (8) Each of the sellers, the master servicer, and the depositor are entitled to indemnification of certain expenses as described in this prospectus supplement under “*Certain Matters Regarding the Master Servicer, the Depositor and the Sellers*.”

Distributions

Distributions on the certificates will be made by the trustee on the 20th day of each month or, if that day is not a business day, on the first business day thereafter, commencing in December 2006 (each, a “**Distribution Date**”), to the persons in whose names the certificates are registered at the close of business on the related Record Date. The “**Record Date**” for the LIBOR Certificates and any Distribution Date will be the business day immediately preceding that Distribution Date, or if the LIBOR Certificates are no longer book-entry certificates, the Record Date will be the last business day of the calendar month preceding the month of that Distribution Date. For each other class of certificates and any Distribution Date, the Record Date will be the last business day of the calendar month immediately prior to the month in which that Distribution Date occurs.

Distributions on each Distribution Date will be made by check mailed to the address of the person entitled to it as it appears on the applicable certificate register or, in the case of a certificateholder who holds 100% of a class of certificates or who holds certificates with an aggregate initial certificate balance of \$1,000,000 or more or who holds a Class X-P Certificate and who has so notified the trustee in writing in accordance with the pooling and servicing agreement, by wire transfer in immediately available funds to the account of the certificateholder at a bank or other depository institution having appropriate wire transfer facilities; provided, however, that the final distribution in retirement of the certificates will be made only upon presentment and surrender of the certificates at the corporate trust office of the trustee.

Priority of Distributions Among Certificates

As more fully described in this prospectus supplement, distributions on the senior certificates will be made on each Distribution Date from Available Funds. Distributions on the subordinated certificates will be based on any remaining Available Funds for the Distribution Date after giving effect to distributions on the senior certificates in the following order of priority:

- to the Class A-3A Insurer, the Class A-3A Premium;
- to interest on each interest-bearing class of senior certificates and components, pro rata; provided, however, that any distribution of interest to which an IO Component is otherwise entitled (after allocation of Net Deferred Interest) will first be deposited into the Carryover Shortfall Reserve Fund and will not be distributed to the Class X-P Certificates except as described below;
- to principal of the classes of senior certificates and components then entitled to receive distributions of principal, in the order and subject to the priorities set forth in this prospectus supplement under “*Description of the Certificates—Principal*,” in each case in an aggregate amount up to the maximum amount of principal to be distributed on the classes on the Distribution Date;
- to the Class A-3A Insurer, the amount of all payments made by the Class A-3A Insurer pursuant to the Class A-3A Policy which have not been previously repaid;
- to interest on and then principal of each class of subordinated certificates, in the order of their distribution priorities, beginning with the Class M-1 Certificates, in each case subject to the limitations set forth in this prospectus supplement under “*Description of the Certificates—Interest*” and “*—Principal*”;
- from amounts on deposit in the Carryover Shortfall Reserve Fund, as described in this prospectus supplement under “*Description of the Certificates—Carryover Shortfall Reserve Fund*”; and
- any remaining amounts, to the Class A-R Certificates.

The holders of the Class X-P Certificates will be entitled to all prepayment charges received on the Mortgage Loans, and such amounts will not be available for distribution to the holders of the other classes of certificates and will not be used to cover any Carryover Shortfall Amounts.

“Available Funds” for any Distribution Date will be equal to the sum of:

- all scheduled installments of interest (net of the related expense fees and after taking into account reductions due to Deferred Interest on the Mortgage Loans) and principal due on the Mortgage Loans in the related Due Period and received before the related Determination Date, together with any advances with respect to them,
- all proceeds of any primary mortgage guaranty insurance policies and any other insurance policies with respect to the Mortgage Loans, to the extent the proceeds are not applied to the restoration of the related mortgaged property or released to the borrower in accordance with the master servicer’s normal servicing procedures and all other cash amounts received and retained in connection with (1) the liquidation of defaulted Mortgage Loans, by foreclosure or otherwise during the calendar month preceding the month of the Distribution Date (in each case, net of unreimbursed expenses incurred in connection with a liquidation or foreclosure and unreimbursed advances, if any) and (2) any Subsequent Recoveries with respect to Mortgage Loans,
- all partial or full prepayments with respect to Mortgage Loans received during the related Prepayment Period, together with interest paid in connection with such prepayments and any related Compensating Interest,
- amounts received with respect to the Distribution Date as the Substitution Adjustment Amount or purchase price in respect of a deleted Mortgage Loan or a Mortgage Loan repurchased by a seller or the master servicer as of the Distribution Date,
- for each Distribution Date during, and the Distribution Date immediately after, the Funding Period, any amounts required pursuant to the pooling and servicing agreement to be deposited from the Capitalized Interest Account, and for the first Distribution Date following the Funding Period, any amounts remaining in the Pre-funding Account after the end of the Funding Period (net of any investment income thereon),
- with respect to the Class A-3A Certificates only, any payments made by the Class A-3A Insurer under the Class A-3A Policy, and

minus

- amounts in reimbursement for advances previously made and other amounts as to which the master servicer or the trustee is entitled to be reimbursed from the Certificate Account pursuant to the pooling and servicing agreement.

Interest

Pass-Through Rates. The classes of certificates will have the respective pass-through rates described below (each, a ***“pass-through rate”***).

LIBOR Certificates.

The pass-through rate for each class of LIBOR Certificates for any interest accrual period will be a per annum rate equal to the lesser of:

- LIBOR plus the applicable Pass-Through Margin for such class, and
- the related Net Rate Cap.

The “*Pass-Through Margins*” for the LIBOR Certificates are set forth in the following table:

Class of Certificates	Pass-Through Margin (%)	
	(1)	(2)
Class A-1	0.180%	0.360%
Class A-2	0.250%	0.500%
Class A-3A	0.190%	0.380%
Class A-3B.....	0.270%	0.540%
Class A-4	0.210%	0.420%
Class A-5	0.240%	0.480%
Class M-1.....	0.410%	0.615%
Class M-2.....	0.440%	0.660%
Class M-3.....	0.470%	0.705%
Class M-4.....	0.650%	0.975%
Class M-5.....	0.700%	1.050%
Class M-6.....	0.750%	1.125%
Class M-7.....	1.500%	2.250%
Class M-8.....	1.750%	2.625%
Class M-9.....	1.750%	2.625%
Class M-10.....	1.750%	2.625%
Class B-1	1.750%	1.750%
Class B-2	1.750%	1.750%
Class B-3	1.750%	1.750%

(1) For each interest accrual period occurring on or prior to the Optional Termination Date.

(2) For each interest accrual period occurring after the Optional Termination Date.

Class A-R Certificates.

The pass-through rate for the Class A-R Certificates for the interest accrual period for any Distribution Date will be a per annum rate equal to the Weighted Average Adjusted Net Mortgage Rate. The pass-through rate for the Class A-R Certificates for the interest accrual period related to the first Distribution Date is expected to be approximately 5.492% per annum.

Class X-P Certificates.

The pass-through rate for the Class X-P IO-1 Component for the interest accrual period for any Distribution Date will be equal to the excess, if any, of (1) the Net Rate Cap for the Class A-1 Certificates (adjusted to a rate calculated on the basis of a 360-day year comprised of twelve 30-day months) over (2) the weighted average of the pass-through rates of the senior certificates (other than the Class X-P and Class A-R Certificates) and the Class X-P PO-1 Component (weighted on the basis of the respective Class Certificate Balances of the senior certificates and the Component Principal Balance of the Class X-P PO-1 Component and adjusted to a rate calculated on the basis of 360-day year comprised of twelve 30-day months). For purposes of calculating the pass-through rate for the Class X-P IO-1 Component, 0.08% will be added to the pass-through rate of the Class A-3A Certificates.

The pass-through rate for the Class X-P IO-2 Component for the interest accrual period for any Distribution Date will be equal to the excess, if any, of (1) the Net Rate Cap for the Class A-1 Certificates (adjusted to a rate calculated on the basis of a 360-day year comprised of twelve 30-day months) over (2) the weighted average of the pass-through rates of the subordinated certificates (treating the Class X-P PO-2 Component as a subordinated certificate) for that Distribution Date (weighted on the basis of the respective Class Certificate Balances of the subordinated certificates and the Component Principal Balance of the Class X-P PO-2 Component and adjusted to a rate calculated on the basis of 360-day year comprised of twelve 30-day months).

The pass-through rate for each PO Component for the interest accrual period for any Distribution Date will be 0% per annum.

Interest Entitlement. Interest will accrue at the rate described in this prospectus supplement on the certificates (other than the LIBOR Certificates) on the basis of a 360-day year divided into twelve 30-day months. Interest will accrue at the rate described in this prospectus supplement on the LIBOR Certificates on the basis of a 360-day year and the actual number of days that elapsed in the interest accrual period.

The “*interest accrual period*” for the interest-bearing classes and components of certificates (other than the LIBOR Certificates) for any Distribution Date will be the calendar month before the Distribution Date. The interest accrual period for the LIBOR Certificates for any Distribution Date will be the period commencing on the Distribution Date in the month prior to the month in which that Distribution Date occurs (or commencing on the closing date, in the case of the first Distribution Date) and ending on the day immediately prior to that Distribution Date.

On each Distribution Date, to the extent of funds available therefor, each class of certificates and interest-bearing components will be entitled to receive an amount allocable to interest for the related interest accrual period. This “*Interest Distribution Amount*” for any class of interest-bearing certificates and the IO Components of the Class X-P Certificates and any Distribution Date will be equal to the sum of:

- interest at the applicable pass-through rate for the related interest accrual period on the related Class Certificate Balance or Component Notional Amount, as the case may be, as of the last day of the related interest accrual period, and
- the sum of the amounts, if any, by which the amount described in the prior bullet point on each prior Distribution Date (after reducing such amount for any Net Deferred Interest previously allocated to such class or component on each prior Distribution Date) exceeded the amount actually distributed as interest on the prior Distribution Dates and not subsequently distributed (which are called “*unpaid interest amounts*”),

minus

- any Net Deferred Interest on the related Mortgage Loans for that Distribution Date allocated to the applicable class or component, and
- any Net Interest Shortfalls for that Distribution Date allocated to the applicable class or component.

The Class X-P Certificates will be entitled to receive with respect to the interest accrual period related to each Distribution Date the sum of the Interest Distribution Amounts on its IO Components.

All amounts in respect of interest otherwise payable to the IO Components on any Distribution Date will be deposited in the Carryover Shortfall Reserve Fund to pay any Carryover Shortfall Amounts to the LIBOR Certificates in the manner and priority set forth in this prospectus supplement under “— *Carryover Shortfall Reserve Fund*”.

Definitions Related to Interest Calculations.

With respect to any Distribution Date, the “*Adjusted Net Mortgage Rate*” for a Mortgage Loan and any Distribution Date is the Mortgage Rate of the Mortgage Loan as of the first day of the related Due Period, less the Expense Fee Rate.

The “*Carryover Shortfall Amount*” for any Distribution Date and each class of LIBOR Certificates will equal the sum of:

- the excess, if any, of
- the amount of interest such class of certificates would have been entitled to receive on such

Distribution Date (prior to reduction for any Net Deferred Interest and Net Interest Shortfalls) had its pass-through rate not been subject to the related Net Rate Cap, over

- the amount of interest such class of certificates is entitled to receive on such Distribution Date based on the related Net Rate Cap (prior to reduction for any Net Deferred Interest and Net Interest Shortfalls), and
- in the case of each class of LIBOR Certificates other than the Class B Certificates, the unpaid portion of any such excess from prior Distribution Dates and interest accrued thereon at the then-applicable pass-through rate on such class of certificates, without giving effect to the related Net Rate Cap.

Any Carryover Shortfall Amount on a class of LIBOR Certificates will be paid on that Distribution Date or on future Distribution Dates from and to the extent of funds available therefor in the Carryover Shortfall Reserve Fund as described in this prospectus supplement under “—*Carryover Shortfall Reserve Fund*.”

The “*Net Mortgage Rate*” for a Mortgage Loan and any Distribution Date is the Mortgage Rate of the Mortgage Loan as of the first day of the related Due Period, less the Expense Fee Rate.

The “*Net Rate Cap*” for any Distribution Date and

(i) any class of LIBOR Certificates (other than the Class A-3A Certificates), is a per annum rate (subject to adjustment based on the actual number of days elapsed in the related interest accrual period) equal to a fraction, expressed as a percentage, (1) the numerator of which is equal to the product of (A) 12 and (B) the sum of (i) the amount of interest which accrued on the Mortgage Loans in the prior calendar month (after giving effect to principal prepayments) at their Adjusted Net Mortgage Rates and (ii) any amounts withdrawn from the Capitalized Interest Account, if any, for such Distribution Date and (2) the denominator of which is equal to the sum of (A) the aggregate Stated Principal Balance of the Mortgage Loans as of the first day of the month preceding the month in which such Distribution Date occurs, after giving effect to principal prepayments received during the related prepayment period and (B) any amounts on deposit in the Pre-funding Account;

(ii) for the Class A-3A Certificates, is the per annum rate calculated in clause (i) above, minus the Class A-3A Premium Rate.

The “*Optional Termination Date*” will be the first Distribution Date on which the aggregate Stated Principal Balance of the Mortgage Loans and any related foreclosed or otherwise repossessed properties at the time of repurchase is equal to or less than 5% of the sum of (i) the aggregate Stated Principal Balance of the Closing Date Mortgage Loans as of the initial cut-off date and (ii) the amount deposited in the Pre-Funding Account on the closing date.

The “*Weighted Average Adjusted Net Mortgage Rate*” for any Distribution Date is the weighted average of the Adjusted Net Mortgage Rates of the Mortgage Loans, weighted on the basis of their respective Stated Principal Balances as of the Due Date in the month preceding the month of such Distribution Date.

Allocation of Net Deferred Interest

On each Distribution Date, the Senior Percentage of the Net Deferred Interest will be allocated among the senior certificates and the Subordinated Percentage of the Net Deferred Interest will be allocated to the subordinated certificates. Among the senior certificates or subordinated certificates, as applicable, the Net Deferred Interest allocated to a class of certificates or its IO Components will be an amount equal to the excess, if any, for each such class or IO component of:

- the amount of interest that accrued on such class of certificates or IO Component at its respective pass-through rate during the interest accrual period related to that Distribution Date, over
- the amount of current interest that would have accrued had the pass-through rate for that class of certificates or IO Component equaled the related Adjusted Rate Cap for that Distribution Date.

The amount of Net Deferred Interest allocated to a class of certificates will be added to the Class Certificate Balance of such class of certificates, and the amount of Net Deferred Interest allocated to an IO Component will be added to the Component Principal Balance of the PO Component with the same alpha-numeric designation.

The Class A-3A Policy does not cover reductions in the interest payable to the Class A-3A Certificates as a result of the allocation of Net Deferred Interest, but the Class A-3A Policy does cover the ultimate payment of the Class Certificate Balance of the Class A-3A Certificates including any increases in that Class Certificate Balance as a result of the allocation of Net Deferred Interest.

Definitions Related to Net Deferred Interest Calculations.

The “**Adjusted Rate Cap**” for any Distribution Date and a class of LIBOR Certificates will equal the excess, if any, of

- the related Net Rate Cap for that Distribution Date, over
- a fraction, expressed as a percentage,
 - (i) the numerator of which is equal to the product of (a) a fraction, the numerator of which is 360 and the denominator of which is the actual number of days in the related interest accrual period, and (b) the amount of Net Deferred Interest for that Distribution Date, and (ii) the denominator of which is the aggregate Stated Principal Balance of the Mortgage Loans as of the first day of the related Due Period.

The “**Adjusted Rate Cap**” for any Distribution Date and each of the Class X-P IO-1 and Class X-P IO-2 Components will equal the pass-through rate for such IO Component computed for this purpose by

- reducing the Weighted Average Adjusted Net Mortgage Rate of the Mortgage Loans by a per annum rate equal to
 - the product of (i) the Net Deferred Interest for the Mortgage Loans for such Distribution Date and (ii) 12, divided by
 - the sum of (i) the aggregate Stated Principal Balance of the Mortgage Loans as of the first day of the related Due Period and (ii) any amounts on deposit in the Pre-funding Account, and
- computing the pass-through rates of the senior certificates (other than the Class A-R and Class X-P Certificates), in the case of the Class X-P IO-1 Component, and the subordinated certificates, in the case of the Class X-P IO-2 Component, by substituting “Adjusted Rate Cap” for “Net Rate Cap” in the calculation thereof.

“**Deferred Interest**” for each Mortgage Loan and each related Due Period will be the excess, if any, of:

- the amount of interest accrued on such Mortgage Loan from the Due Date in the preceding Due Period to the Due Date in the related Due Period, over
- the monthly payment due for such Due Period.

Such excess may occur because the Mortgage Rates of the Mortgage Loans adjust monthly, while the monthly payment generally adjusts annually or as a result of the application of the Payment Caps, in either case, resulting in negative amortization.

The “*Net Deferred Interest*” for each Distribution Date is equal to the excess, if any, of:

- the Deferred Interest that accrued on the Mortgage Loans during the related Due Period as described above, over
- the Principal Prepayment Amount for that Distribution Date.

The “*Net Principal Prepayment Amount*” for any Distribution Date is equal to the excess, if any, of

- the Principal Prepayment Amount, over
- the aggregate amount of Deferred Interest accrued on the Mortgage Loans from the Due Date in the preceding Due Period to the Due Date in the Due Period related to that Distribution Date.

The “*Principal Prepayment Amount*” for any Distribution Date is equal to the sum of:

- all partial and full principal prepayments by borrowers on the Mortgage Loans received during the related Prepayment Period, and
- any Subsequent Recoveries on the Mortgage Loans received during the related Due Period.

Allocation of Interest Shortfalls

The interest entitlement described above for each class of certificates for any Distribution Date will be reduced by the amount of Net Interest Shortfalls experienced by the Mortgage Loans.

Net Interest Shortfalls on any Distribution Date will be allocated pro rata among all classes of certificates (or IO Components thereof) entitled to receive distributions of interest on such Distribution Date, based on the amount of interest each such class of certificates or component would otherwise be entitled to receive on such Distribution Date, in each case before taking into account any reduction in such amounts from such Net Interest Shortfalls.

If on a particular Distribution Date, Available Funds in the Certificate Account applied in the order described in this prospectus supplement under “—*Priority of Distributions Among Certificates*” are not sufficient to make a full distribution of the interest entitlement on the certificates and components, interest will be distributed on each class of certificates and components of equal priority based on the amount of interest it would otherwise have been entitled to receive in the absence of the shortfall. Any unpaid interest amount will be carried forward and added to the amount holders of each affected class of certificates and components will be entitled to receive on the next Distribution Date. A shortfall could occur, for example, if losses realized on the Mortgage Loans were exceptionally high or were concentrated in a particular month. Any unpaid interest amount so carried forward will not bear interest.

Definitions Related to Interest Shortfall Calculations.

A “*Debt Service Reduction*” is the modification of the terms of a mortgage loan in the course of a borrower’s bankruptcy proceeding, allowing for the reduction of the amount of the monthly payment on that mortgage loan.

With respect to any Distribution Date, the “*Net Interest Shortfall*” is equal to the sum of:

- any net prepayment interest shortfalls for that Distribution Date, and
- the amount of interest that would otherwise have been received with respect to any Mortgage Loan that was the subject of a Relief Act Reduction or a Debt Service Reduction.

With respect to any Distribution Date, a “*net prepayment interest shortfall*” for any Distribution Date is the amount by which the aggregate prepayment interest shortfall experienced by the Mortgage Loans during the related Prepayment Period exceeds the Compensating Interest for that Distribution Date.

A “*prepayment interest shortfall*” is the amount by which interest paid by a borrower in connection with a prepayment of principal on a Mortgage Loan during the portion of the related Prepayment Period occurring in the calendar month preceding the month of the Distribution Date is less than one month’s interest at the related Mortgage Rate less the Master Servicing Fee Rate on the Stated Principal Balance of the Mortgage Loan.

A “*Relief Act Reduction*” is a reduction in the amount of the monthly interest payment on a Mortgage Loan pursuant to the Servicemembers Civil Relief Act or similar state laws. See “*Certain Legal Aspects of the Loans—Servicemembers Civil Relief Act*” in the prospectus.

The Class A-3A Policy does not cover net prepayment interest shortfalls or Relief Act Reductions allocated to the Class A-3A Certificates.

Carryover Shortfall Reserve Fund

On the closing date, the trustee will establish a reserve fund (the “*Carryover Shortfall Reserve Fund*”). On each Distribution Date, all amounts distributable as interest to the IO Components will be deposited in the Carryover Shortfall Reserve Fund for distribution as specified below.

On each Distribution Date, all amounts distributable as interest to the IO Components of the Class X-P Certificates will be deposited in the Carryover Shortfall Reserve Fund and will be distributed, concurrently, as follows:

- from amounts on deposit in the Carryover Shortfall Reserve Fund otherwise distributable to the Class X-P IO-1 Component, *first*, concurrently, to the LIBOR Certificates that are senior certificates, pro rata, based on their respective Class Certificate Balances, up to the amount of the Carryover Shortfall Amount with respect to each such class of certificates for such Distribution Date, *second*, concurrently, to the LIBOR Certificates that are senior certificates, pro rata, based on their respective Carryover Shortfall Amounts for such Distribution Date not paid above, up to the amount of the Carryover Shortfall Amount with respect to each such class of certificates for such Distribution Date not paid above and *third*, any amounts remaining to the Class X-P Certificates, and
- from amounts on deposit in the Carryover Shortfall Reserve Fund otherwise distributable to the Class X-P IO-2 Component, *first*, concurrently, to each class of subordinated certificates, pro rata, based on their respective Class Certificate Balances, up to the amount of the Carryover Shortfall Amount with respect to each such class of certificates for such Distribution Date, *second*, concurrently, to each class of subordinated certificates, pro rata, based on their respective Carryover Shortfall Amounts for such Distribution Date not paid above, up to the amount of the Carryover Shortfall Amount with respect to each such class of certificates for such Distribution Date not paid above and *third*, any amounts remaining to the Class X-P Certificates.

To the extent amounts in respect of interest otherwise payable to an IO Component are used to pay Carryover Shortfall Amounts and are not paid to the Class X-P Certificates, a holder of the Class X-P Certificates will not be entitled to reimbursement for such amounts.

All funds on deposit in the Carryover Shortfall Reserve Fund will remain uninvested.

Principal

General. On each Distribution Date, the Principal Amount will be distributed as principal as described above under “—*Priority of Distributions Among Certificates*,” *first*, with respect to the senior certificates (or with respect to the Class X-P Certificates, the related PO Components) in an amount up to the Senior Principal Distribution Amount and *second*, as principal of the subordinated certificates, in an amount up to the Subordinated Principal Distribution Amount.

The “*Principal Amount*” for any Distribution Date will equal the sum of:

1. all monthly payments of principal due on each Mortgage Loan (other than a Liquidated Mortgage Loan) during the related Due Period,
2. the principal portion of the purchase price of each Mortgage Loan that was repurchased by a seller, the master servicer or another person pursuant to the pooling and servicing agreement as of the Distribution Date,
3. the Substitution Adjustment Amount in connection with any deleted Mortgage Loan received with respect to the Distribution Date,
4. any insurance proceeds or liquidation proceeds allocable to recoveries of principal of Mortgage Loans that are not yet Liquidated Mortgage Loans received during the calendar month preceding the month of the Distribution Date,
5. with respect to each Mortgage Loan that became a Liquidated Mortgage Loan during the calendar month preceding the month of the Distribution Date, the amount of the liquidation proceeds allocable to principal received with respect to that Mortgage Loan,
6. the Net Principal Prepayment Amount, and
7. on the first Distribution Date after the Funding Period, any amounts remaining in the Pre-funding Account.

Senior Principal Distribution Amount. On each Distribution Date, the Principal Amount, up to the amount of the Senior Principal Distribution Amount for the Distribution Date, will be distributed as principal of the following classes of senior certificates, in the following order of priority:

- to the Class A-R Certificates, until its Class Certificate Balance is reduced to zero, and
- concurrently, to the Class A-1, Class A-2, Class A-3A, Class A-3B, Class A-4 and Class A-5 Certificates and the PO Components, pro rata, until their respective Class Certificate Balances or Component Principal Balances, as applicable, are reduced to zero.

If on any Distribution Date the allocation to the classes of senior certificates or components thereof then entitled to distributions of principal would reduce the outstanding Class Certificate Balance of the class or classes below zero, the distribution to the classes of certificates of the Senior Percentage and Senior Prepayment Percentage of the related principal amounts for the Distribution Date will be limited to the percentage necessary to reduce the related Class Certificate Balances to zero.

The capitalized terms used in this prospectus supplement have the following meanings:

“*Prepayment Period*” means with respect to any Distribution Date, the calendar month immediately preceding the month of that Distribution Date.

“*Due Period*” means, with respect to a Mortgage Loan, the period beginning on the second day of the

calendar month preceding the month in which such Distribution Date occurs and ending on the first day of the calendar month in which such Distribution Date occurs.

The “*Senior Principal Distribution Amount*” for any Distribution Date will equal the sum of

- the Senior Percentage of all amounts described in clauses 1. through 4. of the definition of Principal Amount for that Distribution Date,
- for each Mortgage Loan that became a Liquidated Mortgage Loan during the calendar month preceding the month of the Distribution Date, the lesser of
 - the Senior Percentage of the Stated Principal Balance of the Mortgage Loan as of the first day of the related Due Period, and
 - the Senior Prepayment Percentage of the amount of the liquidation proceeds allocable to principal received on the Mortgage Loan,
- the Senior Prepayment Percentage of the Net Principal Prepayment Amount for that Distribution Date, and
- on the first Distribution Date after the Funding Period, any amounts remaining in the Pre-funding Account.

“*Stated Principal Balance*” means for any Mortgage Loan and Due Date, the unpaid principal balance of the Mortgage Loan as of that Due Date, as specified in its amortization schedule at that time (before any adjustment to the amortization schedule for any moratorium or similar waiver or grace period), after giving effect to:

- the payment of principal due on the Due Date and irrespective of any delinquency in payment by the related borrower;
- liquidation proceeds received through the end of the prior calendar month and allocable to principal;
- prepayments of principal received through the last day of the related Prepayment Period;
- any Deferred Interest added to the principal balance of that Mortgage Loan on or prior to such Due Date pursuant to the terms of the related mortgage note; and
- any Deficient Valuation previously applied to reduce the unpaid principal balance of the Mortgage Loan.

The Stated Principal Balance of a Liquidated Mortgage Loan is zero.

“*Deficient Valuation*” means for any Mortgage Loan, a valuation by a court of competent jurisdiction of the mortgaged property in an amount less than the then-outstanding indebtedness under such Mortgage Loan, or any reduction in the amount of principal to be paid in connection with any scheduled payment that results in a permanent forgiveness of principal, which valuation or reduction results from an order of such court which is final and non-appealable in a proceeding under the federal bankruptcy code.

The “*pool principal balance*” with respect to any Distribution Date equals the aggregate of the Stated Principal Balances of the Mortgage Loans outstanding on the Due Date in the month preceding the month of the Distribution Date.

The “*Senior Percentage*” for any Distribution Date is the percentage equivalent of a fraction, not to exceed

100%, the numerator of which is the aggregate Class Certificate Balance of the classes of senior certificates immediately before that Distribution Date and the denominator of which is the aggregate Class Certificate Balance of all of the certificates immediately prior to such Distribution Date.

For any Distribution Date, the “*Subordinated Percentage*” will be calculated as the difference between 100% and the Senior Percentage for such Distribution Date.

The “*Subordinated Prepayment Percentage*” as of any Distribution Date will be calculated as the difference between 100% and the Senior Prepayment Percentage for such Distribution Date.

The “*Senior Prepayment Percentage*” for any Distribution Date occurring during the ten years beginning on the first Distribution Date will equal 100%. Thereafter, the Senior Prepayment Percentage will be subject to gradual reduction as described in the following paragraph. This disproportionate allocation of unscheduled payments of principal will have the effect of accelerating the amortization of the senior certificates which receive these unscheduled payments of principal while, in the absence of Realized Losses, increasing the interest in the principal balance of the mortgage pool evidenced by the subordinated certificates. Increasing the respective interest of the subordinated certificates relative to that of the senior certificates is intended to preserve the availability of the subordination provided by the subordinated certificates.

The Senior Prepayment Percentage for any Distribution Date occurring on or after the tenth anniversary of the first Distribution Date will be as follows:

- for any Distribution Date in the first year thereafter, the Senior Percentage plus 70% of the Subordinated Percentage for the Distribution Date,
- for any Distribution Date in the second year thereafter, the Senior Percentage plus 60% of the Subordinated Percentage for the Distribution Date,
- for any Distribution Date in the third year thereafter, the Senior Percentage plus 40% of the Subordinated Percentage for the Distribution Date,
- for any Distribution Date in the fourth year thereafter, the Senior Percentage plus 20% of the Subordinated Percentage for the Distribution Date, and
- for any Distribution Date thereafter, the related Senior Percentage for the Distribution Date;

provided, however, that if on any Distribution Date the Senior Percentage exceeds the initial Senior Percentage as of the closing date, then the Senior Prepayment Percentage for that Distribution Date will equal 100%.

Notwithstanding the foregoing, no decrease in the Senior Prepayment Percentage will occur unless both of the step down conditions listed below are satisfied:

- the aggregate Stated Principal Balance of all Mortgage Loans delinquent 60 days or more (including Mortgage Loans in foreclosure, real estate owned by the issuing entity and Mortgage Loans the borrowers of which are in bankruptcy) (averaged over the preceding six month period), as a percentage of the aggregate Class Certificate Balance of the subordinated certificates on the Distribution Date, is less than 50%, and
- cumulative Realized Losses on all of the Mortgage Loans do not exceed:
 - commencing with the Distribution Date on the tenth anniversary of the first Distribution Date, 30% of the aggregate Class Certificate Balance of the subordinated certificates as of the closing date (the “*original subordinate principal balance*”),

- commencing with the Distribution Date on the eleventh anniversary of the first Distribution Date, 35% of the original subordinate principal balance,
- commencing with the Distribution Date on the twelfth anniversary of the first Distribution Date, 40% of the original subordinate principal balance,
- commencing with the Distribution Date on the thirteenth anniversary of the first Distribution Date, 45% of the original subordinate principal balance, and
- commencing with the Distribution Date on the fourteenth anniversary of the first Distribution Date, 50% of the original subordinate principal balance.

Notwithstanding the preceding paragraphs, the Senior Prepayment Percentage will decrease prior to the tenth anniversary of the first Distribution Date (and may be less than the amount set forth above) if the Two Times Test is satisfied. The “*Two Times Test*” will be satisfied and the Senior Prepayment Percentage will be adjusted if:

- on or before the Distribution Date in November 2009, the Subordinated Percentage is at least 200% of the Subordinated Percentage as of the closing date, the delinquency test set forth above is satisfied and cumulative Realized Losses do not exceed 20% of the aggregate Class Certificate Balance of the subordinated certificates as of the closing date, and
- after the Distribution Date in November 2009, the Subordinated Percentage is at least 200% of the Subordinated Percentage as of the closing date, the delinquency test set forth above is satisfied and cumulative Realized Losses do not exceed 30% of the aggregate Class Certificate Balance of the subordinated certificates as of the closing date.

If the Two Times Test is satisfied as in the first bullet point, the Senior Prepayment Percentage will equal the Senior Percentage for that Distribution Date plus 50% of the amount equal to 100% minus the Senior Percentage for that Distribution Date. If the Two Times Test is satisfied as in the second bullet point, the Senior Prepayment Percentage will equal the related Senior Percentage.

Subordinated Principal Distribution Amount. On each Distribution Date, to the extent of Available Funds available therefor, the Principal Amount, up to the amount of the Subordinated Principal Distribution Amount for the Distribution Date, will be distributed as principal of the subordinated certificates. Except as provided in the next paragraph, each class of subordinated certificates will be entitled to receive its pro rata share of the Subordinated Principal Distribution Amount (based on its respective Class Certificate Balance), in each case to the extent of the amount available from Available Funds for distribution of principal. Distributions of principal of the subordinated certificates will be made sequentially to the classes of subordinated certificates in the order of their priority of distribution, beginning with the Class M-1 Certificates, until their respective Class Certificate Balances are reduced to zero. The Class M Certificates have a higher distribution priority than the Class B Certificates. Within the Class M and Class B Certificates, the distribution priorities are in numerical order.

With respect to each class of subordinated certificates (other than the class of subordinated certificates then outstanding with the highest priority of distribution), if on any Distribution Date the Applicable Credit Support Percentage is less than the Original Applicable Credit Support Percentage, no distribution of the Net Principal Prepayment Amount will be made to any of those classes (the “*Restricted Classes*”). The Net Principal Prepayment Amount otherwise distributable to the Restricted Classes will be allocated among the remaining classes of subordinated certificates, pro rata, based upon their respective Class Certificate Balances and distributed in the sequential order described above.

For any Distribution Date and any class of subordinated certificates, the “*Applicable Credit Support Percentage*” is equal to the sum of the related Class Subordination Percentages of such class and all classes of subordinated certificates which have lower distribution priorities than such class.

For any Distribution Date and any class of subordinated certificates, the “*Original Applicable Credit Support Percentage*” is equal to the Applicable Credit Support Percentage for the class on the date of issuance of the certificates.

The “*Class Subordination Percentage*” with respect to any Distribution Date and each class of subordinated certificates, will equal the fraction, expressed as a percentage, the numerator of which is the Class Certificate Balance of the class of subordinated certificates immediately before the Distribution Date and the denominator of which is the aggregate of the Class Certificate Balances of all classes of certificates immediately before the Distribution Date.

On the date of issuance of the certificates, the characteristics listed below are expected to be as follows:

Class of Certificates	Initial Beneficial Interest in Issuing Entity	Initial Credit Enhancement Level	Original Applicable Credit Support Percentage
Senior Certificates	88.50%	11.50%	N/A
Class M-1	2.25%	9.25%	11.50%
Class M-2	2.00%	7.25%	9.25%
Class M-3	0.75%	6.50%	7.25%
Class M-4	0.75%	5.75%	6.50%
Class M-5	0.75%	5.00%	5.75%
Class M-6	0.50%	4.50%	5.00%
Class M-7	0.50%	4.00%	4.50%
Class M-8	0.50%	3.50%	4.00%
Class M-9	0.50%	3.00%	3.50%
Class M-10	0.90%	2.10%	3.00%
Class B-1	0.70%	1.40%	2.10%
Class B-2	0.50%	0.90%	1.40%
Class B-3	0.90%	0.00%	0.90%

The “*Subordinated Principal Distribution Amount*” for any Distribution Date will equal the sum of

- the Subordinated Percentage of all amounts described in clauses 1. through 4. of the definition of Principal Amount for that Distribution Date,
- for each Mortgage Loan that became a Liquidated Mortgage Loan during the calendar month preceding the month of the Distribution Date, the liquidation proceeds allocable to principal received on the Mortgage Loan, after application of the amounts pursuant to the second bulleted item of the definition of Senior Principal Distribution Amount up to the related Subordinated Percentage of the Stated Principal Balance of the Mortgage Loan as of the Due Date in the month preceding the month of that Distribution Date, and
- the Subordinate Prepayment Percentage of the Net Principal Prepayment Amount for that Distribution Date.

Residual Certificates. The Class A-R Certificates will remain outstanding for so long as the issuing entity shall exist, whether or not the Class A-R Certificates are receiving current distributions of principal or interest. In addition to distributions of interest and principal as described above, on each Distribution Date, the holders of the Class A-R Certificates will be entitled to receive certain amounts as described in the pooling and servicing agreement. It is not anticipated that there will be any significant amounts remaining for that distribution.

Allocation of Losses

On each Distribution Date, the amount of any Realized Losses on the Mortgage Loans will be allocated:

- *first*, to the subordinated certificates in the reverse order of their priority of distribution, beginning with the class of subordinated certificates then outstanding with the lowest distribution priority, in each case until the Class Certificate Balance of the respective class of subordinated certificates has been reduced to zero,
- *second*, to the senior certificates (or the PO Components thereof in the case of the Class X-P Certificates), pro rata, based upon their respective Class Certificate Balances or Component Principal Balances, as applicable, until their respective Class Certificate Balances or Component Principal Balances, as applicable, are reduced to zero; *provided, however*, that any Realized Losses otherwise allocable to
 - the Class A-1 and Class A-2 Certificates will be allocated sequentially, first, to the Class A-3A and Class A-3B Certificates, concurrently and on a pro rata basis, until their respective Class Certificate Balances have been reduced to zero, and second, to the Class A-2 Certificates until its Class Certificate Balance is reduced to zero, and
 - the Class A-5 Certificates will be allocated to the Class A-4 Certificates until its Class Certificate Balance is reduced to zero.

Investors in any class of Certificates to which Realized Losses that would otherwise be allocable to such class are allocated to another class or classes of certificates should note the Class Certificate Balance of their class of certificates in relation to the class or classes of certificates to which such Realized Losses will be allocated as well as the Class Certificate Balances of any other class or classes of certificates whose otherwise allocable Realized Losses will be allocated to that class.

Among the classes of subordinated certificates, the Class M Certificates have a higher distribution priority than the Class B Certificates. Within the Class M and Class B Certificates, the distribution priorities are in numerical order.

Any Realized Losses that would otherwise be allocated to the Class A-3A Certificates will be covered by, and result in a draw from, the Class A-3A Policy. See *“Credit Enhancement—The Certificate Guaranty Insurance Policy”* in this prospectus supplement.

The *“Senior Credit Support Depletion Date”* is the date on which the aggregate Class Certificate Balance of the subordinated certificates is reduced to zero.

Because principal distributions are paid to some classes of certificates before other classes of certificates, holders of the certificates that are entitled to receive principal later bear a greater risk of being allocated Realized Losses on the Mortgage Loans than holders of classes that are entitled to receive principal earlier.

In general, a *“Realized Loss”* means, for a Liquidated Mortgage Loan, the amount by which the remaining unpaid principal balance of the Mortgage Loan exceeds the amount of liquidation proceeds applied to the principal balance of the related Mortgage Loan.

A *“Liquidated Mortgage Loan”* is a defaulted Mortgage Loan as to which the master servicer has determined that all recoverable liquidation and insurance proceeds have been received. See *“Credit Enhancement—Subordination”* in this prospectus supplement.

“Subsequent Recoveries” are unexpected recoveries, net of reimbursable expenses, with respect to a Liquidated Mortgage Loan that resulted in a Realized Loss in a month prior to the month of the receipt of such recoveries.

Reports to Certificateholders

The trustee may, at its option, make the information described in the prospectus under “Description of the Securities—Reports to Securityholders” available to certificateholders on the trustee’s website (assistance in using the website service may be obtained by calling the trustee’s customer service desk at (800) 254-2826). Parties that are unable to use the above distribution option are entitled to have a copy mailed to them via electronic mail by notifying the trustee at its Corporate Trust Office.

Any monthly statement prepared by the trustee is based on information provided by the master servicer. The trustee is not responsible for recomputing, recalculating or verifying the information provided to it by the master servicer and will be permitted to conclusively rely on any information provided to it by the master servicer. The report to certificateholders may include additional or other information of a similar nature to that specified in the prospectus.

Structuring Assumptions

Unless otherwise specified, the information in the tables in this prospectus supplement has been prepared on the basis of the following assumed characteristics of the Mortgage Loans and the following additional assumptions, which combined are the structuring assumptions:

- the Closing Date Mortgage Loans consist of 346 Mortgage Loans with the following characteristics:

ID#	Current Principal Balance (\$)	Original Principal Balance (\$)	Current Mortgage Rate (%)	Remaining Term to Maturity (Months)	Remaining Amortization Term (Months)	Expense Fee Rate (%)	Gross Margin (%)	Maximum Mortgage Rate (%)	Minimum Mortgage Rate (%)	Months to Next Payment Adjustment
1	522,953.81	520,000.00	9.125000	357	357	0.384000	4.400000	9.950000	4.400000	10
2	542,843.26	542,500.00	8.133087	358	358	0.384000	3.427467	11.191974	3.427467	11
3	611,198.96	598,500.00	7.597344	350	350	0.384000	2.847344	9.950000	2.847344	3
4	481,306.62	472,500.00	7.250000	351	351	0.384000	2.500000	9.950000	2.500000	4
5	2,368,206.69	2,333,080.00	7.665402	352	352	0.384000	2.916759	9.950000	2.916759	5
6	1,721,932.08	1,693,000.00	8.098565	353	353	0.384000	3.348565	9.950000	3.348565	6
7	1,754,965.03	1,728,487.00	8.615026	354	354	0.384000	3.865026	9.950000	3.865026	7
8	1,356,037.49	1,350,400.00	8.226030	355	355	0.384000	3.465039	9.950000	3.465039	8
9	1,998,663.96	1,977,300.00	8.828739	356	356	0.384000	4.071194	9.950000	4.071194	9
10	3,905,316.74	3,883,991.00	8.265307	357	357	0.384000	3.516024	9.950000	3.516024	10
11	5,916,666.50	5,908,760.00	8.188255	358	358	0.384000	3.421090	9.950000	3.421090	11
12	8,377,664.97	8,387,258.00	8.122642	359	359	0.401106	3.362960	10.058451	3.362960	12
13	595,749.57	583,200.00	8.875000	475	475	0.384000	4.125000	10.200000	4.125000	8
14	1,379,459.69	1,365,817.00	8.652253	476	476	0.384000	3.891084	10.051207	3.891084	9
15	812,171.84	805,800.00	8.409808	477	477	0.384000	3.640024	10.053725	3.640024	10
16	1,550,039.62	1,546,150.00	8.219865	478	478	0.384000	3.502364	10.111187	3.502364	11
17	3,667,066.61	3,671,050.00	8.188159	479	479	0.384000	3.415165	10.228775	3.415165	12
18	4,194,051.00	4,194,051.00	2.959001	360	360	0.450662	3.379874	9.978135	3.379874	13
19	2,530,245.27	2,533,000.00	1.970252	480	480	0.440911	3.416865	9.950000	3.416865	13
20	350,000.00	350,000.00	1.250000	480	480	0.384000	3.525000	9.950000	3.525000	13
21	324,000.00	324,000.00	8.125000	360	360	0.384000	3.400000	9.950000	3.400000	13
22	261,000.00	261,000.00	8.125000	480	480	0.384000	3.400000	9.950000	3.400000	13
23	209,972.56	209,011.00	8.125000	354	354	0.384000	3.400000	9.950000	3.400000	7
24	234,701.26	232,000.00	8.375000	355	355	0.384000	3.650000	9.950000	3.650000	8
25	238,113.76	236,625.00	8.375000	356	356	0.384000	3.575000	9.950000	3.575000	9
26	3,193,323.76	3,189,933.00	8.262528	358	358	0.583317	3.522464	9.950000	3.522464	11
27	7,119,579.26	7,119,305.00	8.161424	359	359	0.456029	3.407148	9.949502	3.407148	12
28	506,128.38	502,641.00	7.759117	477	477	0.384000	3.024568	9.950000	3.024568	10
29	866,635.82	861,828.00	8.042235	478	478	0.824214	3.290753	9.949592	3.290753	11
30	597,557.96	597,500.00	7.815137	479	479	0.463791	3.100531	9.949216	3.100531	12
31	28,856,927.80	28,860,259.00	4.557933	360	360	0.401751	3.295694	9.949984	3.295694	13
32	9,787,429.06	9,788,011.00	5.310688	480	480	0.407042	3.187805	9.949644	3.187805	13
33	1,640,450.00	1,640,450.00	3.433814	360	360	0.384000	3.513281	9.950000	3.513281	13

ID#	Current Principal Balance (\$)	Original Principal Balance (\$)	Current Mortgage Rate (%)	Remaining Term to Maturity (Months)	Remaining Amortization Term (Months)	Expense Fee Rate (%)	Gross Margin (%)	Maximum Mortgage Rate (%)	Minimum Mortgage Rate (%)	Months to Next Payment Adjustment
34	1,596,500.00	1,596,500.00	3.537347	480	480	0.384000	3.317812	9.950000	3.317812	13
35	143,783.11	144,000.00	8.875000	359	359	1.134000	4.175000	9.950000	4.175000	12
36	900,009.90	896,250.00	7.875000	357	357	0.384000	3.150000	9.950000	3.150000	10
37	1,116,871.57	1,116,000.00	7.724217	358	358	0.384000	3.026884	10.057535	3.026884	11
38	1,147,686.88	1,150,000.00	8.326108	359	359	0.384000	3.577192	9.950000	3.577192	12
39	1,548,000.00	1,548,000.00	1.427649	360	360	0.384000	3.589341	9.950000	3.589341	13
40	826,049.14	808,000.00	8.061891	351	351	0.384000	3.336891	9.950000	3.336891	4
41	1,832,444.97	1,805,460.00	8.154749	354	354	0.384000	3.402041	9.950000	3.402041	7
42	312,934.36	312,000.00	7.500000	342	342	0.384000	2.775000	9.950000	2.775000	7
43	1,081,458.42	1,069,195.00	8.601734	355	355	0.384000	3.859754	9.950000	3.859754	8
44	11,000,723.20	10,924,565.00	8.012629	356	356	0.423318	3.275157	10.388932	3.275157	9
45	11,065,854.71	11,031,000.00	8.036698	357	357	0.384000	3.291885	10.021857	3.291885	10
46	9,501,047.00	9,489,848.00	8.201453	358	358	0.384000	3.455212	10.014764	3.455212	11
47	24,726,540.04	24,771,610.00	8.128995	359	359	0.453984	3.387276	10.041820	3.387276	12
48	623,146.51	612,000.00	8.795225	475	475	0.384000	4.018843	10.068090	4.018843	8
49	4,850,557.01	4,813,801.00	8.073876	476	476	0.397539	3.346620	10.458959	3.346620	9
50	6,846,566.41	6,794,950.00	8.028449	477	477	0.387766	3.299683	9.987368	3.299683	10
51	3,926,318.85	3,918,000.00	8.456273	478	478	0.646890	3.731273	9.950000	3.731273	11
52	6,918,741.51	6,928,200.00	8.435365	479	479	0.384000	3.679570	9.950000	3.679570	12
53	23,094,960.72	23,102,602.00	1.705817	360	360	0.384000	3.268022	10.014760	3.268022	13
54	2,282,000.00	2,282,000.00	1.602980	480	480	0.384000	3.469851	9.950000	3.469851	13
55	1,254,000.00	1,254,000.00	1.148325	360	360	0.384000	3.067344	9.950000	3.067344	13
56	1,011,230.25	1,010,000.00	7.845162	359	359	0.384000	3.065000	9.949000	3.065000	12
57	1,060,000.00	1,060,000.00	1.914151	360	360	0.384000	3.616226	9.950000	3.616226	13
58	2,228,750.00	2,228,750.00	1.000000	360	360	0.384000	3.367830	9.950000	3.367830	13
59	364,103.52	357,000.00	8.375000	352	352	0.384000	3.600000	9.949000	3.600000	5
60	953,933.42	951,200.00	7.452164	355	355	0.384000	2.727326	9.949824	2.727326	8
61	1,527,134.40	1,516,755.00	7.608189	356	356	0.384000	2.773331	9.949781	2.773331	9
62	409,369.95	407,500.00	8.375000	357	357	0.384000	3.650000	9.950000	3.650000	10
63	242,283.44	242,174.00	7.750000	358	358	0.384000	3.025000	9.950000	3.025000	11
64	12,967,423.58	12,968,382.00	8.169008	359	359	0.421504	3.392261	9.999109	3.392261	12
65	419,453.59	414,500.00	8.203557	475	475	0.429998	3.461413	9.950000	3.461413	8
66	2,783,561.88	2,759,581.00	7.763783	476	476	0.384000	3.024460	9.950000	3.024460	9
67	1,995,051.73	1,982,590.00	8.274764	477	477	0.384000	3.529584	9.950000	3.529584	10
68	3,513,214.64	3,496,698.00	7.529803	478	478	0.431424	2.801780	9.980885	2.801780	11
69	2,108,465.90	2,104,264.00	8.097378	479	479	0.384000	3.321881	9.950000	3.321881	12
70	68,599,676.51	68,609,046.00	4.995427	360	360	0.390792	3.328834	9.949681	3.328834	13
71	31,098,179.21	31,096,180.00	5.372415	480	480	0.410995	3.398577	9.950000	3.398577	13
72	54,103,262.21	54,104,987.00	5.093758	360	360	0.384000	3.439441	9.950000	3.439441	13
73	484,634.72	484,000.00	8.500000	358	358	0.384000	3.725000	9.949000	3.725000	11

ID#	Current Principal Balance (\$)	Original Principal Balance (\$)	Current Mortgage Rate (%)	Remaining Term to Maturity (Months)	Remaining Amortization Term (Months)	Expense Fee Rate (%)	Gross Margin (%)	Maximum Mortgage Rate (%)	Minimum Mortgage Rate (%)	Months to Next Payment Adjustment
74	438,655.84	439,040.00	7.685921	359	359	0.384000	2.973526	10.579769	2.973526	12
75	188,431.78	188,000.00	7.875000	478	478	0.384000	3.150000	9.950000	3.150000	11
76	248,000.00	248,000.00	1.500000	360	360	0.384000	3.725000	9.950000	3.725000	13
77	407,812.71	400,000.00	8.125000	350	350	0.384000	3.400000	9.950000	3.400000	3
78	533,795.70	534,750.00	8.137021	359	359	0.384000	3.368161	9.949623	3.368161	12
79	764,490.23	757,000.00	8.125000	476	476	0.384000	3.350000	9.950000	3.350000	9
80	2,534,400.00	2,534,400.00	2.970407	360	360	0.384000	3.021686	9.949863	3.021686	13
81	309,600.00	309,600.00	8.500000	480	480	0.384000	3.800000	9.950000	3.800000	13
82	2,209,200.00	2,209,200.00	6.598384	360	360	0.384000	3.630808	9.950000	3.630808	13
83	323,709.37	323,000.00	9.125000	478	478	1.164000	4.350000	9.950000	4.350000	11
84	1,684,800.00	1,684,800.00	4.726652	360	360	0.384000	3.506247	9.949888	3.506247	13
85	76,000.00	76,000.00	3.000000	360	360	0.384000	4.000000	9.950000	4.000000	13
86	417,489.52	417,000.00	8.250000	358	358	0.384000	3.525000	9.950000	3.525000	11
87	814,529.65	813,750.00	5.924208	359	359	0.384000	3.015391	9.949384	3.015391	12
88	134,261.34	133,500.00	7.625000	477	477	0.384000	2.900000	9.950000	2.900000	10
89	246,064.51	246,400.00	8.750000	479	479	0.384000	3.975000	9.950000	3.975000	12
90	425,142.56	423,000.00	9.250000	357	357	1.034000	4.525000	9.950000	4.525000	10
91	403,385.22	404,000.00	7.875000	479	479	0.384000	3.100000	9.950000	3.100000	12
92	1,758,700.00	1,758,700.00	1.971840	360	360	0.438586	2.660172	9.949886	2.660172	13
93	1,044,840.00	1,044,840.00	1.457879	360	360	0.384000	3.307333	9.950000	3.307333	13
94	360,432.88	358,100.00	9.250000	356	356	1.164000	4.525000	9.949000	4.525000	9
95	419,085.73	419,500.00	6.108876	360	360	0.668091	3.934224	9.949000	3.934224	13
96	212,000.00	212,000.00	2.000000	480	480	0.384000	3.225000	9.950000	3.225000	13
97	647,528.15	643,200.00	7.625000	356	356	0.384000	2.900000	9.950000	2.900000	9
98	543,088.37	541,500.00	8.252900	358	358	0.384000	3.502320	9.950000	3.502320	11
99	822,357.80	823,790.00	8.810855	359	359	0.911823	4.019294	9.950000	4.019294	12
100	387,994.62	388,275.00	9.375000	479	479	1.334000	4.650000	9.950000	4.650000	12
101	91,624.23	90,900.00	8.000000	356	356	0.384000	3.225000	9.950000	3.225000	9
102	321,252.72	321,600.00	8.500000	479	479	0.384000	3.700000	9.950000	3.700000	12
103	416,000.00	416,000.00	1.750000	360	360	0.384000	3.400000	9.950000	3.400000	13
104	262,000.00	262,000.00	8.250000	480	480	0.384000	3.725000	9.950000	3.725000	13
105	775,000.00	775,000.00	7.250000	360	360	0.384000	2.525000	9.950000	2.525000	13
106	201,735.34	200,000.00	8.500000	356	356	0.384000	3.775000	9.949000	3.775000	9
107	548,924.13	546,900.00	8.375000	357	357	0.384000	3.650000	9.949510	3.650000	10
108	197,790.90	197,600.00	8.125000	358	358	0.384000	3.351000	9.949000	3.351000	11
109	959,358.72	959,680.00	2.786733	360	360	0.664437	3.533472	9.950000	3.533472	13
110	325,000.00	325,000.00	2.500000	360	360	0.384000	3.250000	9.950000	3.250000	13
111	143,158.03	143,500.00	7.750000	359	359	0.384000	2.950000	9.950000	2.950000	12
112	301,322.35	300,000.00	8.375000	358	358	0.384000	3.575000	9.950000	3.575000	11
113	306,750.61	300,000.00	7.875000	352	352	0.384000	3.175000	9.950000	3.175000	5

ID#	Current Principal Balance (\$)	Original Principal Balance (\$)	Current Mortgage Rate (%)	Remaining Term to Maturity (Months)	Remaining Amortization Term (Months)	Expense Fee Rate (%)	Gross Margin (%)	Maximum Mortgage Rate (%)	Minimum Mortgage Rate (%)	Months to Next Payment Adjustment
114	1,766,257.92	1,763,600.00	7.893633	358	358	0.384000	3.183323	9.950000	3.183323	11
115	1,391,161.45	1,394,400.00	8.487954	359	359	0.384000	3.725045	9.950000	3.725045	12
116	570,000.00	570,000.00	1.000000	360	360	0.384000	3.500000	12.000000	3.500000	13
117	268,881.69	264,000.00	7.750000	350	350	0.384000	2.950000	9.950000	2.950000	3
118	1,297,390.14	1,269,600.00	8.118040	351	351	0.384000	3.368040	9.950000	3.368040	4
119	1,393,408.92	1,366,000.00	8.181986	352	352	0.384000	3.422484	9.950000	3.422484	5
120	1,115,063.22	1,094,380.00	8.397400	353	353	0.384000	3.637865	10.140703	3.637865	6
121	2,406,020.23	2,374,450.00	7.905801	354	354	0.384000	3.155801	9.950000	3.155801	7
122	2,274,386.35	2,244,800.00	8.417179	355	355	0.384000	3.658403	9.950000	3.658403	8
123	7,625,424.58	7,581,269.00	8.254545	356	356	0.532727	3.493029	10.112475	3.493029	9
124	8,913,563.95	8,870,258.00	8.280760	357	357	0.399398	3.494630	10.009635	3.494630	10
125	15,171,799.84	15,152,100.00	8.238274	358	358	0.399257	3.464299	9.994059	3.464299	11
126	60,250,873.69	60,743,170.00	8.136590	359	359	0.407288	3.347571	9.979678	3.347571	12
127	654,345.84	650,750.00	7.851387	474	474	0.426259	3.141480	12.515721	3.141480	7
128	1,429,610.30	1,406,400.00	8.427685	475	475	0.392706	3.671466	10.168907	3.671466	8
129	2,620,042.07	2,596,825.00	8.121448	476	476	0.400861	3.339706	10.506990	3.339706	9
130	5,588,827.18	5,548,150.00	8.329464	477	477	0.400849	3.540048	9.967646	3.540048	10
131	4,484,056.70	4,465,900.00	8.487656	478	478	0.579268	3.686364	10.185899	3.686364	11
132	16,725,110.13	16,747,690.00	8.172878	479	479	0.392790	3.400733	9.983608	3.400733	12
133	50,233,842.74	50,249,216.00	1.710532	360	360	0.388156	3.338058	9.964908	3.338058	13
134	7,138,906.85	7,140,393.00	1.693447	480	480	0.384000	3.450985	9.950000	3.450985	13
135	1,505,000.00	1,505,000.00	1.647375	360	360	0.384000	2.916100	9.950000	2.916100	13
136	197,123.29	195,050.00	9.375000	354	354	1.324000	4.575000	9.950000	4.575000	7
137	120,822.92	121,520.00	8.125000	356	356	0.384000	3.325000	9.950000	3.325000	9
138	637,823.63	634,000.00	8.000000	357	357	0.384000	3.221554	9.950000	3.221554	10
139	932,474.45	927,800.00	7.965121	358	358	0.384000	3.191025	9.950000	3.191025	11
140	17,821,523.36	17,911,064.00	8.337397	359	359	0.429690	3.546209	9.950000	3.546209	12
141	302,911.08	300,000.00	8.250000	476	476	0.384000	3.500000	10.700000	3.500000	9
142	810,296.46	806,272.00	7.930781	477	477	0.384000	3.178767	9.950000	3.178767	10
143	57,830.35	57,700.00	7.875000	478	478	0.384000	3.175000	9.950000	3.175000	11
144	8,173,826.78	8,167,416.00	8.062114	479	479	0.384000	3.272897	9.950000	3.272897	12
145	56,327,869.77	56,331,224.00	4.643001	360	360	0.387863	3.394588	9.950000	3.394588	13
146	33,356,990.64	33,355,570.00	5.455318	480	480	0.388978	3.352950	9.950000	3.352950	13
147	23,748,583.00	23,748,583.00	5.190828	360	360	0.392415	3.154058	9.950000	3.154058	13
148	1,275,200.00	1,275,200.00	5.057638	480	480	0.384000	2.022365	9.950000	2.022365	13
149	502,076.70	500,000.00	7.975103	357	357	0.384000	3.175103	9.950000	3.175103	10
150	282,924.63	283,500.00	8.375000	359	359	0.384000	3.575000	9.950000	3.575000	12
151	459,450.00	459,450.00	4.396738	360	360	0.384000	3.575000	9.950000	3.575000	13
152	741,696.67	735,000.00	8.307257	476	476	0.437968	3.507257	9.950000	3.507257	9
153	362,556.68	360,000.00	8.000000	356	356	0.384000	3.200000	9.950000	3.200000	9

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154	374,085.92	378,000.00	7.375000	357	357	0.384000	2.575000	9.950000	2.575000	10
155	260,271.21	260,000.00	8.375000	358	358	0.384000	3.575000	9.950000	3.575000	11
156	117,826.26	117,000.00	8.500000	477	477	0.384000	3.700000	9.950000	3.700000	10
157	3,711,930.33	3,712,550.00	1.960895	360	360	0.429505	3.606183	9.950000	3.606183	13
158	315,000.00	315,000.00	2.250000	360	360	0.384000	2.875000	9.950000	2.875000	13
159	379,915.81	380,800.00	8.000000	359	359	0.384000	3.250000	9.950000	3.250000	12
160	1,773,531.56	1,774,400.00	3.413722	360	360	0.384000	3.253424	9.950000	3.253424	13
161	875,000.00	875,000.00	1.500000	360	360	0.384000	3.575000	9.950000	3.575000	13
162	66,996.42	66,500.00	8.250000	356	356	0.384000	3.450000	9.950000	3.450000	9
163	730,931.09	727,750.00	8.193021	357	357	0.408210	3.393021	9.950000	3.393021	10
164	342,801.95	342,400.00	8.375000	358	358	0.384000	3.575000	9.950000	3.575000	11
165	1,212,470.31	1,216,000.00	8.055767	359	359	0.474328	3.290550	9.950000	3.290550	12
166	211,818.63	211,500.00	8.375000	479	479	1.024000	3.650000	9.950000	3.650000	12
167	412,500.00	412,500.00	3.000000	360	360	0.384000	3.450000	9.950000	3.450000	13
168	88,662.11	88,350.00	9.250000	357	357	1.574000	4.450000	9.950000	4.450000	10
169	1,573,849.16	1,573,040.00	7.221325	360	360	0.384000	3.440952	9.950000	3.440952	13
170	264,000.00	264,000.00	7.750000	480	480	0.384000	3.175000	9.950000	3.175000	13
171	470,000.00	470,000.00	7.499601	360	360	0.541979	3.638191	9.950000	3.638191	13
172	468,500.85	464,000.00	8.375000	355	355	0.384000	3.575000	9.950000	3.575000	8
173	373,645.66	370,400.00	8.875000	356	356	0.384000	4.075000	9.950000	4.075000	9
174	901,319.63	898,000.00	8.570805	357	357	0.836468	3.816221	9.950000	3.816221	10
175	319,344.94	319,000.00	8.250000	358	358	0.384000	3.450000	9.950000	3.450000	11
176	1,411,057.62	1,412,400.00	8.255227	359	359	0.384000	3.455227	9.950000	3.455227	12
177	318,066.44	316,000.00	8.250000	477	477	0.384000	3.450000	9.950000	3.450000	10
178	152,862.27	153,000.00	7.875000	479	479	0.384000	3.125000	9.950000	3.125000	12
179	778,000.00	778,000.00	1.991645	360	360	0.384000	3.161118	9.950000	3.161118	13
180	524,887.98	526,000.00	8.375000	359	359	0.384000	3.575000	9.950000	3.575000	12
181	360,354.44	361,000.00	8.125000	479	479	0.384000	3.325000	9.950000	3.325000	12
182	1,688,000.00	1,688,000.00	4.763700	360	360	0.384000	2.120172	9.950000	2.120172	13
183	797,522.93	793,950.00	8.585675	357	357	0.384000	3.797248	9.950000	3.797248	10
184	645,032.78	644,250.00	8.535744	358	358	0.384000	3.787455	9.950000	3.787455	11
185	950,830.95	952,800.00	8.393372	359	359	0.384000	3.668372	9.950000	3.668372	12
186	407,391.76	406,400.00	8.456761	478	478	0.384000	3.731761	9.950000	3.731761	11
187	94,908.80	94,500.00	8.250000	357	357	0.384000	3.450000	9.950000	3.450000	10
188	636,000.00	636,000.00	2.349057	360	360	0.384000	3.056604	9.950000	3.056604	13
189	345,000.00	345,000.00	2.250000	360	360	0.384000	3.575000	9.950000	3.575000	13
190	753,177.94	748,000.00	8.143155	356	356	0.454000	3.343155	9.950000	3.343155	9
191	1,422,406.48	1,424,546.00	7.593739	357	357	0.384000	2.836739	10.950000	2.836739	10
192	5,789,996.00	5,818,200.00	1.000000	358	358	0.384000	2.970113	10.780587	2.970113	11
193	2,935,812.41	2,954,000.00	8.403881	357	357	0.384000	3.650135	9.950000	3.650135	10

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194	5,405,365.97	5,427,200.00	2.082508	358	358	0.384000	3.696940	9.950000	3.696940	11
195	10,014,413.23	10,039,050.00	2.025867	359	359	0.384000	3.682599	9.950000	3.682599	12
196	4,400,500.00	4,400,500.00	1.968356	360	360	0.384000	3.695353	9.950000	3.695353	13
197	162,000.00	162,000.00	2.250000	480	480	0.384000	3.800000	9.950000	3.800000	13
198	489,666.01	485,100.00	8.500000	352	352	0.384000	3.800000	9.950000	3.800000	5
199	417,629.20	418,500.00	8.375000	356	356	0.384000	3.650000	9.950000	3.650000	9
200	1,476,862.94	1,483,900.00	1.998567	358	358	0.384000	3.800000	9.950000	3.800000	11
201	2,825,935.44	2,833,900.00	2.117357	359	359	0.384000	3.800000	9.950000	3.800000	12
202	8,155,568.44	8,156,400.00	1.910327	360	360	0.384000	3.518826	9.950000	3.518826	13
203	2,314,999.00	2,314,999.00	2.468143	480	480	0.384000	3.800000	9.949873	3.800000	13
204	2,190,043.09	2,198,750.00	7.749483	356	356	0.384000	3.085483	10.472341	3.085483	9
205	957,588.58	960,000.00	7.998251	357	357	0.384000	3.241251	10.736001	3.241251	10
206	1,532,856.13	1,540,200.00	1.000000	358	358	0.384000	2.931421	10.498630	2.931421	11
207	163,653.90	164,700.00	8.500000	357	357	0.384000	3.800000	9.950000	3.800000	10
208	234,866.29	236,364.00	1.750000	358	358	0.384000	3.675000	9.950000	3.675000	11
209	259,027.70	260,000.00	2.500000	359	359	0.384000	3.800000	9.949000	3.800000	12
210	255,754.95	256,000.00	3.500000	479	479	0.384000	3.975000	9.950000	3.975000	12
211	145,000.00	145,000.00	2.250000	360	360	0.384000	3.800000	9.950000	3.800000	13
212	715,597.60	714,000.00	8.000000	354	354	0.384000	3.225000	9.950000	3.225000	7
213	572,138.39	574,250.00	8.557945	477	477	0.384000	3.857945	9.950000	3.857945	10
214	599,055.73	600,000.00	3.500000	359	359	0.384000	4.100000	9.950000	4.100000	12
215	355,048.82	356,000.00	7.125000	354	354	0.384000	2.325000	9.950000	2.325000	7
216	1,092,979.40	1,095,500.00	2.506551	359	359	0.384000	3.327334	9.949000	3.327334	12
217	670,117.21	670,600.00	2.151597	360	360	0.384000	3.601198	9.950000	3.601198	13
218	1,964,000.00	1,964,000.00	2.000000	360	360	0.384000	3.887067	9.950000	3.887067	13
219	215,260.69	216,000.00	3.250000	358	358	0.384000	4.050000	9.950000	4.050000	11
220	246,935.82	247,500.00	8.500000	356	356	0.384000	3.725000	9.950000	3.725000	9
221	186,970.58	182,400.00	8.750000	345	345	0.384000	4.050000	9.950000	4.050000	10
222	361,334.37	363,000.00	7.414000	356	356	0.384000	2.750000	10.950000	2.750000	9
223	487,304.01	492,000.00	7.757000	357	357	0.384000	3.000000	10.950000	3.000000	10
224	294,874.92	297,000.00	1.000000	358	358	0.384000	3.000000	10.950000	3.000000	11
225	313,560.37	305,000.00	8.000000	340	340	0.384000	3.225000	9.950000	3.225000	5
226	91,714.35	91,200.00	7.625000	353	353	0.384000	2.850000	9.950000	2.850000	6
227	726,378.80	724,500.00	8.392906	354	354	0.384000	3.607197	9.950000	3.607197	7
228	113,460.44	114,730.00	8.750000	357	357	0.384000	3.975000	9.950000	3.975000	10
229	473,137.87	475,050.00	2.226197	358	358	0.384000	3.933884	9.950000	3.933884	11
230	478,528.57	478,960.00	8.627146	477	477	0.384000	3.597854	9.950000	3.597854	10
231	1,275,183.20	1,277,600.00	2.431784	359	359	0.384000	3.833506	9.950000	3.833506	12
232	319,693.68	320,000.00	3.500000	479	479	0.384000	4.225000	9.950000	4.225000	12
233	478,930.13	479,250.00	2.085571	360	360	0.384000	3.126343	9.950000	3.126343	13

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234	223,300.00	223,300.00	2.750000	480	480	0.384000	4.225000	9.950000	4.225000	13
235	91,490.91	93,050.00	8.625000	357	357	0.384000	3.900000	9.950000	3.900000	10
236	1,313,250.00	1,313,250.00	2.762421	360	360	0.384000	3.810109	9.950000	3.810109	13
237	620,959.70	622,000.00	2.168674	480	480	0.384000	3.275905	9.950000	3.275905	13
238	592,500.00	592,500.00	1.851266	360	360	0.384000	3.801899	9.950000	3.801899	13
239	594,714.48	596,250.00	2.250000	478	478	0.384000	3.725000	10.450000	3.725000	11
240	883,296.64	885,000.00	2.351701	359	359	0.384000	3.606361	9.950000	3.606361	12
241	539,305.33	540,000.00	2.250000	479	479	0.384000	4.225000	9.950000	4.225000	12
242	272,000.00	272,000.00	3.000000	360	360	0.384000	3.850000	9.950000	3.850000	13
243	371,439.71	372,000.00	3.750000	359	359	0.384000	4.100000	9.950000	4.100000	12
244	2,013,100.00	2,013,100.00	2.143200	360	360	0.384000	3.513819	9.950000	3.513819	13
245	184,232.65	185,000.00	9.125000	357	357	0.954000	4.400000	9.950000	4.400000	10
246	122,750.37	123,000.00	2.000000	359	359	0.384000	4.025000	9.950000	4.025000	12
247	168,000.00	168,000.00	1.750000	360	360	0.384000	4.025000	9.950000	4.025000	13
248	400,046.06	401,250.00	8.750000	356	356	0.384000	3.975000	9.950000	3.975000	9
249	264,558.90	266,250.00	8.750000	357	357	0.384000	3.975000	9.950000	3.975000	10
250	833,871.29	814,500.00	8.528523	352	352	0.384000	3.153523	9.950000	3.153523	5
251	276,978.36	271,000.00	8.375000	353	353	0.384000	3.000000	9.950000	3.000000	6
252	615,950.27	600,000.00	8.225304	351	351	0.384000	2.850304	9.950000	2.850304	4
253	234,740.77	228,000.00	9.750000	353	353	0.384000	4.375000	9.950000	4.375000	6
254	563,516.75	550,000.00	9.500000	354	354	0.384000	4.125000	9.950000	4.125000	7
255	825,439.07	812,000.00	9.100562	355	355	0.384000	3.725562	9.950000	3.725562	8
256	819,294.33	812,500.00	8.250000	356	356	0.384000	2.900000	9.950000	2.900000	9
257	1,820,289.24	1,810,360.00	8.587867	357	357	0.384000	3.221227	10.702420	3.221227	10
258	1,541,819.37	1,538,500.00	8.477258	358	358	0.384000	3.154532	9.950000	3.154532	11
259	74,665.63	72,100.00	8.000000	334	334	0.384000	2.725000	10.325000	2.725000	11
260	296,292.23	297,000.00	8.500000	359	359	0.384000	3.150000	9.950000	3.150000	12
261	179,176.26	175,000.00	8.750000	352	352	0.384000	3.400000	9.950000	3.400000	5
262	563,419.07	558,883.00	8.470954	356	356	0.384000	3.120954	9.950000	3.120954	9
263	372,128.76	373,000.00	7.791659	357	357	0.384000	2.438882	9.950000	2.438882	10
264	3,081,393.77	3,071,555.00	8.467089	358	358	0.421152	3.264425	9.950000	3.264425	11
265	2,018,789.80	2,021,555.00	8.499905	359	359	0.384000	3.228929	9.950000	3.228929	12
266	148,242.39	144,000.00	9.875000	351	351	0.384000	4.550000	9.950000	4.550000	4
267	350,664.72	345,000.00	9.000000	355	355	0.384000	3.625000	9.950000	3.625000	8
268	1,497,288.20	1,477,000.00	8.806944	356	356	0.384000	3.442949	9.950000	3.442949	9
269	825,193.25	821,684.00	8.041522	357	357	0.384000	2.766522	9.950000	2.766522	10
270	878,443.77	877,435.00	8.405870	358	358	0.384000	3.130870	10.652084	3.130870	11
271	1,202,069.84	1,199,488.00	7.921733	478	478	0.384000	2.646733	9.950000	2.646733	11
272	680,893.49	680,000.00	7.500000	357	357	0.384000	2.125000	9.950000	2.125000	10
273	440,589.51	440,000.00	8.375000	358	358	0.384000	3.075000	9.950000	3.075000	11

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274	261,186.32	260,000.00	8.250000	477	477	0.384000	2.875000	9.950000	2.875000	10
275	191,429.86	186,755.00	8.625000	352	352	0.384000	3.350000	9.950000	3.350000	5
276	1,009,443.60	1,003,920.00	7.797669	356	356	0.384000	2.522669	9.950000	2.522669	9
277	649,427.19	647,200.00	7.969215	357	357	0.384000	2.656742	9.950000	2.656742	10
278	3,878,508.77	3,876,446.00	8.376295	358	358	0.384000	3.105607	9.950000	3.105607	11
279	1,145,775.20	1,148,240.00	8.708463	359	359	0.384000	3.366556	9.950000	3.366556	12
280	209,149.33	208,000.00	8.625000	476	476	0.384000	3.275000	9.950000	3.275000	9
281	335,341.04	334,000.00	8.125000	477	477	0.384000	2.850000	9.950000	2.850000	10
282	439,543.67	438,400.00	8.250000	478	478	0.384000	2.900000	9.950000	2.900000	11
283	223,659.13	224,000.00	8.125000	479	479	0.384000	2.800000	9.950000	2.800000	12
284	317,063.35	316,000.00	8.177000	359	359	0.384000	3.350000	9.950000	3.350000	12
285	314,714.73	313,500.00	9.125000	357	357	1.354000	3.800000	9.950000	3.800000	10
286	245,094.24	244,000.00	8.250000	357	357	0.384000	2.975000	9.950000	2.975000	10
287	208,338.21	208,250.00	7.625000	358	358	0.384000	2.350000	9.950000	2.350000	11
288	726,474.58	720,000.00	8.500000	356	356	0.384000	3.150000	9.950000	3.150000	9
289	299,629.04	299,200.00	8.500000	358	358	0.384000	3.225000	9.950000	3.225000	11
290	900,587.05	873,500.00	8.331470	350	350	0.384000	2.965176	9.950000	2.965176	3
291	451,039.38	437,000.00	8.875000	351	351	0.384000	3.500000	9.950000	3.500000	4
292	699,351.21	681,000.00	8.625000	352	352	0.384000	3.250000	9.950000	3.250000	5
293	349,961.80	344,000.00	8.875000	354	354	0.384000	3.500000	9.950000	3.500000	7
294	355,582.90	350,000.00	8.500000	355	355	0.384000	3.125000	9.950000	3.125000	8
295	1,510,714.41	1,504,810.00	8.516683	357	357	0.587615	3.177868	10.766974	3.177868	10
296	1,799,544.62	1,802,876.00	8.349219	358	358	0.384000	3.104966	9.950000	3.104966	11
297	475,070.59	469,500.00	8.750000	476	476	0.384000	3.400000	9.950000	3.400000	9
298	646,482.10	642,000.00	8.750000	477	477	0.384000	3.400000	9.950000	3.400000	10
299	169,000.00	169,000.00	2.750000	360	360	0.384000	2.950000	9.950000	2.950000	13
300	117,389.92	117,000.00	8.750000	355	355	0.384000	3.400000	9.950000	3.400000	8
301	176,125.42	175,000.00	8.500000	356	356	0.384000	3.150000	9.950000	3.150000	9
302	458,044.96	456,000.00	8.250000	357	357	0.384000	2.975000	9.950000	2.975000	10
303	1,372,496.73	1,372,500.00	8.554135	358	358	0.458881	3.247851	9.950000	3.247851	11
304	669,633.89	670,802.00	8.629945	359	359	0.384000	3.297953	9.950000	3.297953	12
305	399,447.23	393,250.00	8.500000	475	475	0.384000	3.150000	9.950000	3.150000	8
306	589,400.78	587,000.00	8.519125	477	477	0.384000	3.169125	9.950000	3.169125	10
307	128,926.51	126,750.00	8.750000	352	352	0.384000	3.400000	9.950000	3.400000	5
308	143,406.74	143,200.00	8.500000	358	358	0.384000	3.150000	9.950000	3.150000	11
309	151,003.69	147,000.00	8.500000	351	351	0.384000	3.150000	9.950000	3.150000	4
310	146,875.30	146,250.00	8.125000	357	357	0.384000	2.825000	9.950000	2.825000	10
311	98,726.73	99,000.00	8.227000	358	358	0.384000	3.400000	9.950000	3.400000	11
312	63,499.19	63,000.00	8.250000	356	356	0.384000	2.975000	9.950000	2.975000	9
313	119,394.62	118,900.00	7.875000	357	357	0.384000	2.600000	9.950000	2.600000	10

ID#	Current Principal Balance (\$)	Original Principal Balance (\$)	Current Mortgage Rate (%)	Remaining Term to Maturity (Months)	Remaining Amortization Term (Months)	Expense Fee Rate (%)	Gross Margin (%)	Maximum Mortgage Rate (%)	Minimum Mortgage Rate (%)	Months to Next Payment Adjustment
314	309,071.80	307,500.00	8.625000	357	357	0.384000	3.275000	9.950000	3.275000	10
315	214,432.58	215,100.00	8.080000	356	356	0.384000	2.750000	10.950000	2.750000	9
316	367,004.98	367,000.00	8.205000	355	355	0.384000	2.875000	9.950000	2.875000	8
317	555,905.32	556,800.00	8.445000	357	357	0.384000	3.125000	9.950000	3.125000	10
318	169,373.82	167,070.00	8.625000	350	350	0.384000	3.250000	9.950000	3.250000	3
319	630,743.67	634,400.00	8.731963	357	357	0.384000	3.356963	9.950000	3.356963	10
320	380,026.76	375,250.00	8.750000	475	475	0.384000	3.400000	9.950000	3.400000	8
321	552,125.79	548,000.00	8.750000	477	477	0.384000	3.400000	9.950000	3.400000	10
322	710,912.46	709,000.00	1.500000	478	478	0.384000	3.051878	9.950000	3.051878	11
323	97,820.31	98,000.00	9.000000	357	357	0.384000	3.650000	9.950000	3.650000	10
324	223,356.38	220,500.00	8.750000	475	475	0.384000	3.400000	9.950000	3.400000	8
325	317,135.58	316,000.00	8.250000	476	476	0.384000	2.875000	9.950000	2.875000	9
326	644,592.90	640,000.00	8.750000	477	477	0.384000	3.400000	9.950000	3.400000	10
327	1,500,053.30	1,494,000.00	1.669683	478	478	0.384000	3.301999	9.950000	3.301999	11
328	293,301.39	293,600.00	3.250000	479	479	0.384000	3.400000	9.950000	3.400000	12
329	178,776.07	182,750.00	8.875000	356	356	0.384000	3.525000	9.950000	3.525000	9
330	84,203.27	84,400.00	8.250000	476	476	0.384000	2.875000	9.950000	2.875000	9
331	209,038.44	207,000.00	8.750000	475	475	0.384000	3.400000	9.950000	3.400000	8
332	233,635.98	241,600.00	7.500000	356	356	0.384000	3.200000	9.950000	3.200000	9
333	1,252,004.16	1,252,800.00	7.265341	356	356	0.384000	3.015341	9.950000	3.015341	9
334	371,679.68	368,950.00	7.456851	357	357	0.478164	3.176691	9.950000	3.176691	10
335	584,636.10	583,500.00	7.250000	358	358	0.384000	3.012123	9.950000	3.012123	11
336	630,471.82	631,850.00	7.142334	359	359	0.384000	2.907845	9.950000	2.907845	12
337	804,168.62	795,000.00	7.500000	475	475	0.384000	3.250000	9.950000	3.250000	8
338	849,522.51	845,000.00	7.375000	476	476	0.384000	3.125000	9.950000	3.125000	9
339	203,689.57	204,000.00	7.500000	479	479	0.384000	3.250000	9.950000	3.250000	12
340	419,440.63	417,000.00	7.625000	358	358	0.384000	3.300000	9.950000	3.300000	11
341	982,407.93	986,000.00	7.375000	356	356	0.384000	3.141480	9.950000	3.141480	9
342	266,787.42	267,400.00	7.625000	359	359	0.384000	3.350000	9.950000	3.350000	12
343	283,772.22	284,000.00	7.500000	476	476	0.384000	3.275000	9.950000	3.275000	9
344	201,250.80	200,000.00	7.625000	478	478	0.384000	3.350000	9.950000	3.350000	11
345	1,318,236.18	1,305,250.00	8.172886	356	476	0.454000	3.403793	9.950000	3.403793	9
346	468,599.99	464,000.00	8.250000	357	477	0.454000	3.450000	9.950000	3.450000	10

- the Closing Date Mortgage Loans will also have the following characteristics:

ID#	Age (Months)	Mortgage Index	Months to Next Rate Adjustment	Maximum Amount of Negative Amortization (%)	Original Monthly Scheduled Principal & Interest Payment (\$)	Months to Initial Recast	Payment Cap (%)	Original Prepayment Charge Period (Months)	Prepayment Type (1)	Prefunding (2)
1	3	MTA	1	110	1,922.02	60	7.50	0	N/A	N/A
2	2	MTA	1	110	2,124.52	60	7.50	0	N/A	N/A
3	10	MTA	1	115	2,095.07	60	7.50	0	N/A	N/A
4	9	MTA	1	115	1,574.61	60	7.50	0	N/A	N/A
5	8	MTA	1	115	7,955.62	60	7.50	0	N/A	N/A
6	7	MTA	1	115	5,857.61	60	7.50	0	N/A	N/A
7	6	MTA	1	115	6,191.25	60	7.50	0	N/A	N/A
8	5	MTA	1	115	5,052.74	60	7.50	0	N/A	N/A
9	4	MTA	1	115	7,035.31	60	7.50	0	N/A	N/A
10	3	MTA	1	115	13,774.09	60	7.50	0	N/A	N/A
11	2	MTA	1	115	21,198.54	60	7.50	0	N/A	N/A
12	1	MTA	1	115	29,952.93	60	7.50	0	N/A	N/A
13	5	MTA	1	115	1,544.58	60	7.50	0	N/A	N/A
14	4	MTA	1	115	4,410.93	60	7.50	0	N/A	N/A
15	3	MTA	1	115	2,459.32	60	7.50	0	N/A	N/A
16	2	MTA	1	115	4,381.72	60	7.50	0	N/A	N/A
17	1	MTA	1	115	11,814.37	60	7.50	0	N/A	N/A
18	0	MTA	1	115	15,012.95	60	7.50	0	N/A	N/A
19	0	MTA	1	115	7,686.13	60	7.50	0	N/A	N/A
20	0	MTA	1	115	926.96	60	7.50	0	N/A	Yes
21	0	MTA	1	110	1,079.74	120	7.50	0	N/A	N/A
22	0	MTA	1	110	897.13	120	7.50	0	N/A	N/A
23	6	MTA	1	115	798.94	120	7.50	0	N/A	N/A
24	5	MTA	1	115	773.14	120	7.50	0	N/A	N/A
25	4	MTA	1	115	966.01	120	7.50	0	N/A	N/A
26	2	MTA	1	115	11,968.69	120	7.50	0	N/A	N/A
27	1	MTA	1	115	26,304.17	120	7.50	0	N/A	N/A
28	3	MTA	1	115	1,657.60	120	7.50	0	N/A	N/A
29	2	MTA	1	115	2,872.60	120	7.50	0	N/A	N/A
30	1	MTA	1	115	1,947.89	120	7.50	0	N/A	N/A
31	0	MTA	1	115	104,083.30	120	7.50	0	N/A	N/A
32	0	MTA	1	115	28,712.84	120	7.50	0	N/A	N/A
33	0	MTA	1	115	5,987.63	120	7.50	0	N/A	Yes
34	0	MTA	1	115	4,660.36	120	7.50	0	N/A	Yes
35	1	MTA	1	115	666.89	120	7.50	6	CW01	N/A
36	3	MTA	1	115	2,882.69	60	7.50	12	CW01S	N/A
37	2	MTA	1	110	3,647.09	60	7.50	12	CW01	N/A
38	1	MTA	1	110	4,286.04	60	7.50	12	CW01	N/A

ID#	Age (Months)	Mortgage Index	Months to Next Rate Adjustment	Maximum Amount of Negative Amortization (%)	Original Monthly Scheduled Principal & Interest Payment (\$)	Months to Initial Recast	Payment Cap (%)	Original Prepayment Charge Period (Months)	Prepayment Type (1)	Prefunding (2)
39	0	MTA	1	110	5,289.30	60	7.50	12	CW01	N/A
40	9	MTA	1	115	2,598.85	60	7.50	12	CW01	N/A
41	6	MTA	1	115	6,268.30	60	7.50	12	CW01	N/A
42	18	MTA	1	115	1,078.78	60	7.50	12	CW01	N/A
43	5	MTA	1	115	3,853.73	60	7.50	12	CW01	N/A
44	4	MTA	1	115	51,529.96	60	7.50	12	CW01	N/A
45	3	MTA	1	115	37,623.63	60	7.50	12	CW01	N/A
46	2	MTA	1	115	32,978.74	60	7.50	12	CW01	N/A
47	1	MTA	1	115	86,187.82	60	7.50	12	CW01	N/A
48	5	MTA	1	115	1,696.30	60	7.50	12	CW01	N/A
49	4	MTA	1	115	17,873.52	60	7.50	12	CW01	N/A
50	3	MTA	1	115	19,667.09	60	7.50	12	CW01	N/A
51	2	MTA	1	115	12,418.92	60	7.50	12	CW01	N/A
52	1	MTA	1	115	20,157.36	60	7.50	12	CW01	N/A
53	0	MTA	1	115	78,471.08	60	7.50	12	CW01	N/A
54	0	MTA	1	115	6,447.45	60	7.50	12	CW01	N/A
55	0	MTA	1	115	4,121.65	60	7.50	12	CW01	Yes
56	1	MTA	1	110	3,719.26	120	7.50	12	CW01	N/A
57	0	MTA	1	110	3,881.23	120	7.50	12	CW01	N/A
58	0	MTA	1	110	7,168.54	120	7.50	12	CW01	Yes
59	8	MTA	1	115	1,232.08	120	7.50	12	CW01	N/A
60	5	MTA	1	115	3,614.58	120	7.50	12	CW01	N/A
61	4	MTA	1	115	5,561.08	120	7.50	12	CW01	N/A
62	3	MTA	1	115	1,455.77	120	7.50	12	CW01	N/A
63	2	MTA	1	115	1,053.96	120	7.50	12	CW01	N/A
64	1	MTA	1	115	47,554.19	120	7.50	12	CW01	N/A
65	5	MTA	1	115	1,218.91	120	7.50	12	CW01	N/A
66	4	MTA	1	115	7,794.26	120	7.50	12	CW01	N/A
67	3	MTA	1	115	6,290.21	120	7.50	12	CW01	N/A
68	2	MTA	1	115	10,650.65	120	7.50	12	CW01	N/A
69	1	MTA	1	115	5,724.81	120	7.50	12	CW01	N/A
70	0	MTA	1	115	245,292.79	120	7.50	12	CW01	N/A
71	0	MTA	1	115	92,231.78	120	7.50	12	CW01	N/A
72	0	MTA	1	115	193,401.04	120	7.50	12	CW01	Yes
73	2	MTA	1	115	1,670.38	60	7.50	12	CW04	N/A
74	1	MTA	1	115	1,437.79	60	7.50	12	CW04	N/A
75	2	MTA	1	115	497.91	60	7.50	12	CW04	N/A
76	0	MTA	1	115	855.90	60	7.50	12	CW04	N/A
77	10	MTA	1	115	1,580.48	120	7.50	12	CW04	N/A
78	1	MTA	1	115	2,360.97	120	7.50	12	CW04	N/A

ID#	Age (Months)	Mortgage Index	Months to Next Rate Adjustment	Maximum Amount of Negative Amortization (%)	Original Monthly Scheduled Principal & Interest Payment (\$)	Months to Initial Recast	Payment Cap (%)	Original Prepayment Charge Period (Months)	Prepayment Type (1)	Prefunding (2)
79	4	MTA	1	115	2,098.20	120	7.50	12	CW04	N/A
80	0	MTA	1	115	8,570.56	120	7.50	12	CW04	N/A
81	0	MTA	1	115	937.55	120	7.50	12	CW04	N/A
82	0	MTA	1	115	8,396.34	120	7.50	12	CW04	Yes
83	2	MTA	1	115	1,478.14	120	7.50	12	CW05	N/A
84	0	MTA	1	115	5,717.44	120	7.50	12	CW05	N/A
85	0	MTA	1	115	320.42	120	7.50	12	CW05	Yes
86	2	MTA	1	115	1,489.71	60	7.50	12	CW06	N/A
87	1	MTA	1	115	2,907.07	60	7.50	12	CW07	N/A
88	3	MTA	1	115	353.57	60	7.50	12	CW07	N/A
89	1	MTA	1	115	746.16	60	7.50	12	CW07	N/A
90	3	MTA	1	115	1,812.03	120	7.50	12	CW07	N/A
91	1	MTA	1	115	1,119.78	120	7.50	12	CW07	N/A
92	0	MTA	1	115	6,488.10	120	7.50	12	CW07	N/A
93	0	MTA	1	115	3,586.17	120	7.50	12	CW07	Yes
94	4	MTA	1	115	1,787.94	60	7.50	12	CW08	N/A
95	0	MTA	1	115	1,684.48	120	7.50	12	CW08	N/A
96	0	MTA	1	115	641.99	120	7.50	12	CW08	N/A
97	4	MTA	1	115	2,068.79	60	7.50	12	CW09	N/A
98	2	MTA	1	115	1,773.90	60	7.50	12	CW09	N/A
99	1	MTA	1	115	3,862.14	60	7.50	12	CW09	N/A
100	1	MTA	1	115	1,776.86	60	7.50	12	CW09	N/A
101	4	MTA	1	115	371.09	120	7.50	12	CW09	N/A
102	1	MTA	1	115	1,151.28	120	7.50	12	CW09	N/A
103	0	MTA	1	115	1,486.13	120	7.50	12	CW09	N/A
104	0	MTA	1	115	828.29	120	7.50	12	CW09	N/A
105	0	MTA	1	115	2,492.71	120	7.50	12	CW09	Yes
106	4	MTA	1	115	666.50	60	7.50	12	CW12	N/A
107	3	MTA	1	115	2,304.91	60	7.50	12	CW12	N/A
108	2	MTA	1	115	705.91	60	7.50	12	CW12	N/A
109	0	MTA	1	115	3,940.45	60	7.50	24	CW01	N/A
110	0	MTA	1	115	1,284.14	60	7.50	24	CW08	N/A
111	1	MTA	1	115	461.55	60	7.50	24	CW09	N/A
112	2	MTA	1	115	1,071.73	120	7.50	24	CW09	N/A
113	8	MTA	1	110	964.92	120	7.50	36	CW01H12	N/A
114	2	MTA	1	110	5,838.07	60	7.50	36	CW01	N/A
115	1	MTA	1	110	4,591.05	60	7.50	36	CW01	N/A
116	0	MTA	1	110	1,833.35	60	7.50	36	CW01	N/A
117	10	MTA	1	115	975.80	60	7.50	36	CW01	N/A
118	9	MTA	1	115	4,475.58	60	7.50	36	CW01	N/A

ID#	Age (Months)	Mortgage Index	Months to Next Rate Adjustment	Maximum Amount of Negative Amortization (%)	Original Monthly Scheduled Principal & Interest Payment (\$)	Months to Initial Recast	Payment Cap (%)	Original Prepayment Charge Period (Months)	Prepayment Type (1)	Prefunding (2)
119	8	MTA	1	115	4,773.94	60	7.50	36	CW01	N/A
120	7	MTA	1	115	3,755.79	60	7.50	36	CW01	N/A
121	6	MTA	1	115	8,153.60	60	7.50	36	CW01	N/A
122	5	MTA	1	115	7,625.71	60	7.50	36	CW01	N/A
123	4	MTA	1	115	37,940.60	60	7.50	36	CW01	N/A
124	3	MTA	1	115	31,374.58	60	7.50	36	CW01	N/A
125	2	MTA	1	115	54,006.50	60	7.50	36	CW01	N/A
126	1	MTA	1	115	217,541.92	60	7.50	36	CW01	N/A
127	6	MTA	1	115	3,623.14	60	7.50	36	CW01	N/A
128	5	MTA	1	115	4,060.01	60	7.50	36	CW01	N/A
129	4	MTA	1	115	9,771.92	60	7.50	36	CW01	N/A
130	3	MTA	1	115	16,086.05	60	7.50	36	CW01	N/A
131	2	MTA	1	115	14,320.76	60	7.50	36	CW01	N/A
132	1	MTA	1	115	48,015.12	60	7.50	36	CW01	N/A
133	0	MTA	1	115	177,232.59	60	7.50	36	CW01	N/A
134	0	MTA	1	115	20,519.86	60	7.50	36	CW01	N/A
135	0	MTA	1	115	5,307.45	60	7.50	36	CW01	Yes
136	6	MTA	1	115	1,002.83	120	7.50	36	CW01	N/A
137	4	MTA	1	115	404.97	120	7.50	36	CW01	N/A
138	3	MTA	1	115	2,354.94	120	7.50	36	CW01	N/A
139	2	MTA	1	115	3,281.79	120	7.50	36	CW01	N/A
140	1	MTA	1	115	68,253.12	120	7.50	36	CW01	N/A
141	4	MTA	1	115	908.48	120	7.50	36	CW01	N/A
142	3	MTA	1	115	2,757.53	120	7.50	36	CW01	N/A
143	2	MTA	1	115	159.93	120	7.50	36	CW01	N/A
144	1	MTA	1	115	23,880.31	120	7.50	36	CW01	N/A
145	0	MTA	1	115	206,007.69	120	7.50	36	CW01	N/A
146	0	MTA	1	115	103,025.38	120	7.50	36	CW01	N/A
147	0	MTA	1	115	87,372.23	120	7.50	36	CW01	Yes
148	0	MTA	1	115	3,487.66	120	7.50	36	CW01	Yes
149	3	MTA	1	115	1,608.20	60	7.50	36	CW04	N/A
150	1	MTA	1	115	1,047.87	120	7.50	36	CW05	N/A
151	0	MTA	1	115	1,674.24	120	7.50	36	CW05	N/A
152	4	MTA	1	115	4,334.27	60	7.50	36	CW06	N/A
153	4	MTA	1	115	1,199.71	60	7.50	36	CW07	N/A
154	3	MTA	1	115	1,215.80	60	7.50	36	CW07	N/A
155	2	MTA	1	115	1,027.31	60	7.50	36	CW07	N/A
156	3	MTA	1	115	309.87	60	7.50	36	CW07	N/A
157	0	MTA	1	115	13,711.92	60	7.50	36	CW07	N/A
158	0	MTA	1	115	1,204.08	60	7.50	36	CW07	Yes

ID#	Age (Months)	Mortgage Index	Months to Next Rate Adjustment	Maximum Amount of Negative Amortization (%)	Original Monthly Scheduled Principal & Interest Payment (\$)	Months to Initial Recast	Payment Cap (%)	Original Prepayment Charge Period (Months)	Prepayment Type (1)	Prefunding (2)
159	1	MTA	1	115	1,504.62	120	7.50	36	CW07	N/A
160	0	MTA	1	115	6,673.23	120	7.50	36	CW07	N/A
161	0	MTA	1	115	3,019.80	120	7.50	36	CW07	Yes
162	4	MTA	1	115	229.50	60	7.50	36	CW08	N/A
163	3	MTA	1	115	2,743.55	60	7.50	36	CW08	N/A
164	2	MTA	1	115	1,223.20	60	7.50	36	CW08	N/A
165	1	MTA	1	115	4,356.88	60	7.50	36	CW08	N/A
166	1	MTA	1	115	819.33	60	7.50	36	CW08	N/A
167	0	MTA	1	115	1,739.12	60	7.50	36	CW08	N/A
168	3	MTA	1	115	454.24	120	7.50	36	CW08	N/A
169	0	MTA	1	115	5,576.33	120	7.50	36	CW08	N/A
170	0	MTA	1	115	731.74	120	7.50	36	CW08	N/A
171	0	MTA	1	115	1,837.58	120	7.50	36	CW08	Yes
172	5	MTA	1	115	1,773.62	60	7.50	36	CW09	N/A
173	4	MTA	1	115	1,323.23	60	7.50	36	CW09	N/A
174	3	MTA	1	115	3,591.81	60	7.50	36	CW09	N/A
175	2	MTA	1	115	1,175.93	60	7.50	36	CW09	N/A
176	1	MTA	1	115	5,149.46	60	7.50	36	CW09	N/A
177	3	MTA	1	115	836.91	60	7.50	36	CW09	N/A
178	1	MTA	1	115	615.86	60	7.50	36	CW09	N/A
179	0	MTA	1	115	2,874.38	60	7.50	36	CW09	N/A
180	1	MTA	1	115	1,879.10	120	7.50	36	CW09	N/A
181	1	MTA	1	115	1,398.48	120	7.50	36	CW09	N/A
182	0	MTA	1	115	5,788.67	120	7.50	36	CW09	N/A
183	3	MTA	1	115	2,988.84	60	7.50	36	CW12	N/A
184	2	MTA	1	115	2,587.73	60	7.50	36	CW12	N/A
185	1	MTA	1	115	3,475.21	60	7.50	36	CW12	N/A
186	2	MTA	1	115	1,407.46	60	7.50	36	CW12	N/A
187	3	MTA	1	115	326.14	60	7.50	36	CW19	N/A
188	0	MTA	1	115	2,464.97	60	7.50	36	CW19	N/A
189	0	MTA	1	115	1,318.75	60	7.50	36	CW19	Yes
190	4	MTA	1	115	2,555.85	60	7.50	36	CW20	N/A
191	3	MTA	1	110	4,581.91	60	7.50	0	N/A	N/A
192	2	MTA	1	110	18,713.65	60	7.50	0	N/A	N/A
193	3	MTA	1	115	10,834.40	60	7.50	0	N/A	N/A
194	2	MTA	1	115	20,295.61	60	7.50	0	N/A	N/A
195	1	MTA	2	115	37,245.45	60	7.50	0	N/A	N/A
196	0	MTA	3	115	16,197.38	60	7.50	0	N/A	N/A
197	0	MTA	3	115	512.15	60	7.50	0	N/A	N/A
198	8	MTA	1	115	1,854.28	120	7.50	0	N/A	N/A

ID#	Age (Months)	Mortgage Index	Months to Next Rate Adjustment	Maximum Amount of Negative Amortization (%)	Original Monthly Scheduled Principal & Interest Payment (\$)	Months to Initial Recast	Payment Cap (%)	Original Prepayment Charge Period (Months)	Prepayment Type (1)	Prefunding (2)
199	4	MTA	1	115	2,120.48	120	7.50	0	N/A	N/A
200	2	MTA	1	115	5,487.26	120	7.50	0	N/A	N/A
201	1	MTA	2	115	10,642.76	120	7.50	0	N/A	N/A
202	0	MTA	3	115	29,788.32	120	7.50	0	N/A	N/A
203	0	MTA	3	115	7,594.14	120	7.50	0	N/A	N/A
204	4	MTA	1	110	7,072.06	60	7.50	12	CW01S	N/A
205	3	MTA	1	110	3,087.75	60	7.50	12	CW01S	N/A
206	2	MTA	1	110	4,953.91	60	7.50	12	CW01S	N/A
207	3	MTA	1	115	588.38	60	7.50	12	CW01	N/A
208	2	MTA	1	115	844.40	60	7.50	12	CW01	N/A
209	1	MTA	2	115	1,027.31	60	7.50	12	CW01	N/A
210	1	MTA	2	115	991.72	60	7.50	12	CW01	N/A
211	0	MTA	3	115	554.26	60	7.50	12	CW01	N/A
212	6	MTA	1	110	2,550.72	120	7.50	12	CW01	N/A
213	3	MTA	1	110	1,900.41	120	7.50	12	CW01	N/A
214	1	MTA	2	110	2,694.27	120	7.50	12	CW01	N/A
215	6	MTA	1	115	1,406.63	120	7.50	12	CW01	N/A
216	1	MTA	2	115	4,345.32	120	7.50	12	CW01	N/A
217	0	MTA	3	115	2,533.17	120	7.50	12	CW01	N/A
218	0	MTA	3	115	7,259.33	120	7.50	12	CW01	Yes
219	2	MTA	1	115	940.05	60	7.50	12	CW04	N/A
220	4	MTA	1	115	1,111.39	60	7.50	12	CW09	N/A
221	15	MTA	1	115	700.48	60	7.50	12	CW09	N/A
222	4	MTA	1	110	1,167.56	60	7.50	36	CW01S	N/A
223	3	MTA	1	110	1,818.53	60	7.50	36	CW01S	N/A
224	2	MTA	1	110	955.27	60	7.50	36	CW01S	N/A
225	20	MTA	1	110	1,171.31	60	7.50	36	CW01	N/A
226	7	MTA	1	115	348.61	60	7.50	36	CW01	N/A
227	6	MTA	1	115	2,999.20	60	7.50	36	CW01	N/A
228	3	MTA	1	115	453.32	60	7.50	36	CW01	N/A
229	2	MTA	1	115	1,810.68	60	7.50	36	CW01	N/A
230	3	MTA	1	115	1,615.87	60	7.50	36	CW01	N/A
231	1	MTA	2	115	5,005.80	60	7.50	36	CW01	N/A
232	1	MTA	2	115	1,239.65	60	7.50	36	CW01	N/A
233	0	MTA	3	115	1,792.14	60	7.50	36	CW01	N/A
234	0	MTA	3	115	767.54	60	7.50	36	CW01	N/A
235	3	MTA	1	115	367.66	120	7.50	36	CW01	N/A
236	0	MTA	3	115	5,376.48	120	7.50	36	CW01	N/A
237	0	MTA	3	115	1,939.51	120	7.50	36	CW01	N/A
238	0	MTA	3	115	2,146.37	120	7.50	36	CW01	Yes

ID#	Age (Months)	Mortgage Index	Months to Next Rate Adjustment	Maximum Amount of Negative Amortization (%)	Original Monthly Scheduled Principal & Interest Payment (\$)	Months to Initial Recast	Payment Cap (%)	Original Prepayment Charge Period (Months)	Prepayment Type (1)	Prefunding (2)
239	2	MTA	1	115	1,885.00	120	7.50	36	CW05	N/A
240	1	MTA	2	115	3,429.23	60	7.50	36	CW07	N/A
241	1	MTA	2	115	1,707.17	60	7.50	36	CW07	N/A
242	0	MTA	3	115	1,146.76	60	7.50	36	CW07	N/A
243	1	MTA	2	115	1,722.79	60	7.50	36	CW08	N/A
244	0	MTA	3	115	7,587.49	60	7.50	36	CW08	N/A
245	3	MTA	1	115	910.09	120	7.50	36	CW08	N/A
246	1	MTA	2	115	454.63	120	7.50	36	CW08	N/A
247	0	MTA	3	115	600.17	120	7.50	36	CW08	N/A
248	4	MTA	1	115	1,433.44	60	7.50	36	CW09	N/A
249	3	MTA	1	115	951.16	60	7.50	36	CW09	N/A
250	8	LIBOR	1	110	2,871.56	60	7.50	0	N/A	N/A
251	7	LIBOR	1	110	935.28	60	7.50	0	N/A	N/A
252	9	LIBOR	1	115	2,032.71	60	7.50	0	N/A	N/A
253	7	LIBOR	1	115	814.52	60	7.50	0	N/A	N/A
254	6	LIBOR	1	115	1,898.16	60	7.50	0	N/A	N/A
255	5	LIBOR	1	115	2,649.75	60	7.50	0	N/A	N/A
256	4	LIBOR	1	115	2,707.67	60	7.50	0	N/A	N/A
257	3	LIBOR	1	115	6,561.69	60	7.50	0	N/A	N/A
258	2	LIBOR	1	115	5,078.65	60	7.50	0	N/A	N/A
259	26	LIBOR	1	115	292.58	60	7.50	0	N/A	N/A
260	1	LIBOR	1	115	955.27	60	7.50	0	N/A	N/A
261	8	LIBOR	1	115	603.96	120	7.50	0	N/A	N/A
262	4	LIBOR	1	115	2,058.30	120	7.50	0	N/A	N/A
263	3	LIBOR	1	115	1,282.85	120	7.50	0	N/A	N/A
264	2	LIBOR	1	115	11,547.12	120	7.50	0	N/A	N/A
265	1	LIBOR	1	115	7,527.60	120	7.50	0	N/A	N/A
266	9	LIBOR	1	115	607.11	60	7.50	12	CW01	N/A
267	5	LIBOR	1	115	1,109.66	60	7.50	12	CW01	N/A
268	4	LIBOR	1	115	4,944.81	60	7.50	12	CW01	N/A
269	3	LIBOR	1	115	2,831.36	60	7.50	12	CW01	N/A
270	2	LIBOR	1	115	3,334.32	60	7.50	12	CW01	N/A
271	2	LIBOR	1	115	3,538.16	60	7.50	12	CW01	N/A
272	3	LIBOR	1	110	2,266.11	120	7.50	12	CW01	N/A
273	2	LIBOR	1	110	1,466.31	120	7.50	12	CW01	N/A
274	3	LIBOR	1	110	720.65	120	7.50	12	CW01	N/A
275	8	LIBOR	1	115	600.68	120	7.50	12	CW01	N/A
276	4	LIBOR	1	115	3,435.57	120	7.50	12	CW01	N/A
277	3	LIBOR	1	115	2,584.95	120	7.50	12	CW01	N/A
278	2	LIBOR	1	115	13,572.10	120	7.50	12	CW01	N/A

ID#	Age (Months)	Mortgage Index	Months to Next Rate Adjustment	Maximum Amount of Negative Amortization (%)	Original Monthly Scheduled Principal & Interest Payment (\$)	Months to Initial Recast	Payment Cap (%)	Original Prepayment Charge Period (Months)	Prepayment Type (1)	Prefunding (2)
279	1	LIBOR	1	115	3,828.21	120	7.50	12	CW01	N/A
280	4	LIBOR	1	115	744.61	120	7.50	12	CW01	N/A
281	3	LIBOR	1	115	925.76	120	7.50	12	CW01	N/A
282	2	LIBOR	1	115	1,161.08	120	7.50	12	CW01	N/A
283	1	LIBOR	1	115	620.87	120	7.50	12	CW01	N/A
284	1	LIBOR	1	115	1,207.90	120	7.50	12	CW04	N/A
285	3	LIBOR	1	115	1,565.26	120	7.50	12	CW07	N/A
286	3	LIBOR	1	115	871.67	120	7.50	12	CW08	N/A
287	2	LIBOR	1	115	850.16	60	7.50	12	CW09	N/A
288	4	LIBOR	1	115	2,399.41	120	7.50	12	CW09	N/A
289	2	LIBOR	1	110	997.09	60	7.50	12	CW12	N/A
290	10	LIBOR	1	115	2,881.25	60	7.50	36	CW01	N/A
291	9	LIBOR	1	115	1,508.18	60	7.50	36	CW01	N/A
292	8	LIBOR	1	115	2,350.27	60	7.50	36	CW01	N/A
293	6	LIBOR	1	115	1,187.21	60	7.50	36	CW01	N/A
294	5	LIBOR	1	115	1,207.92	60	7.50	36	CW01	N/A
295	3	LIBOR	1	115	5,783.94	60	7.50	36	CW01	N/A
296	2	LIBOR	1	115	6,798.70	60	7.50	36	CW01	N/A
297	4	LIBOR	1	115	1,354.29	60	7.50	36	CW01	N/A
298	3	LIBOR	1	115	2,030.25	60	7.50	36	CW01	N/A
299	0	LIBOR	1	115	689.93	60	7.50	36	CW01	N/A
300	5	LIBOR	1	115	477.64	120	7.50	36	CW01	N/A
301	4	LIBOR	1	115	625.18	120	7.50	36	CW01	N/A
302	3	LIBOR	1	115	1,629.03	120	7.50	36	CW01	N/A
303	2	LIBOR	1	115	5,429.37	120	7.50	36	CW01	N/A
304	1	LIBOR	1	115	2,817.99	120	7.50	36	CW01	N/A
305	5	LIBOR	1	115	1,089.98	120	7.50	36	CW01	N/A
306	3	LIBOR	1	115	1,745.36	120	7.50	36	CW01	N/A
307	8	LIBOR	1	115	500.82	120	7.50	36	CW05	N/A
308	2	LIBOR	1	115	477.22	120	7.50	36	CW05	N/A
309	9	LIBOR	1	115	472.81	60	7.50	36	CW08	N/A
310	3	LIBOR	1	115	522.47	60	7.50	36	CW08	N/A
311	2	LIBOR	1	115	487.02	60	7.50	36	CW08	N/A
312	4	LIBOR	1	115	225.06	120	7.50	36	CW08	N/A
313	3	LIBOR	1	115	396.24	120	7.50	36	CW08	N/A
314	3	LIBOR	1	115	1,098.52	120	7.50	36	CW09	N/A
315	4	LIBOR	1	110	795.06	60	7.50	0	N/A	N/A
316	5	LIBOR	1	110	1,180.42	60	7.50	12	CW01S	N/A
317	3	LIBOR	1	110	1,790.89	60	7.50	12	CW01S	N/A
318	10	LIBOR	1	115	727.10	60	7.50	12	CW01	N/A

ID#	Age (Months)	Mortgage Index	Months to Next Rate Adjustment	Maximum Amount of Negative Amortization (%)	Original Monthly Scheduled Principal & Interest Payment (\$)	Months to Initial Recast	Payment Cap (%)	Original Prepayment Charge Period (Months)	Prepayment Type (1)	Prefunding (2)
319	3	LIBOR	1	115	2,457.07	120	7.50	12	CW01	N/A
320	5	LIBOR	1	115	1,453.68	60	7.50	36	CW01	N/A
321	3	LIBOR	1	115	1,518.91	60	7.50	36	CW01	N/A
322	2	LIBOR	1	115	1,965.15	60	7.50	36	CW01	N/A
323	3	LIBOR	1	115	426.50	120	7.50	36	CW01	N/A
324	5	LIBOR	1	115	727.16	120	7.50	36	CW01	N/A
325	4	LIBOR	1	115	875.87	120	7.50	36	CW01	N/A
326	3	LIBOR	1	115	1,938.08	120	7.50	36	CW01	N/A
327	2	LIBOR	1	115	4,271.17	120	7.50	36	CW01	N/A
328	1	LIBOR	2	115	1,093.78	120	7.50	36	CW01	N/A
329	4	LIBOR	1	115	1,176.01	120	7.50	36	CW08	N/A
330	4	LIBOR	1	115	233.93	120	7.50	36	CW08	N/A
331	5	LIBOR	1	115	682.64	60	7.50	36	CW09	N/A
332	4	COFI	1	115	805.14	120	7.50	6	CW01	N/A
333	4	COFI	1	115	4,174.98	120	7.50	12	CW01	N/A
334	3	COFI	1	115	1,353.83	120	7.50	12	CW01	N/A
335	2	COFI	1	115	1,977.71	120	7.50	12	CW01	N/A
336	1	COFI	1	115	2,199.69	120	7.50	12	CW01	N/A
337	5	COFI	1	115	2,203.52	120	7.50	12	CW01	N/A
338	4	COFI	1	115	2,342.11	120	7.50	12	CW01	N/A
339	1	COFI	1	115	565.43	120	7.50	12	CW01	N/A
340	2	COFI	1	115	1,389.66	120	7.50	12	CW04	N/A
341	4	COFI	1	115	3,730.14	120	7.50	36	CW01	N/A
342	1	COFI	1	115	891.12	120	7.50	36	CW01	N/A
343	4	COFI	1	115	897.84	120	7.50	36	CW01	N/A
344	2	COFI	1	115	605.65	120	7.50	36	CW09	N/A
345	4	MTA	1	115	8,912.86	60	7.50	36	CW01	N/A
346	3	MTA	1	115	1,405.11	60	7.50	36	CW01	N/A

(1) Codes for Prepayment Type

<u>Type</u>	<u>Description</u>
CW01	6 months interest on 80% of the prepaid principal balance
CW01S	6 months interest on 80% of the prepaid principal balance, where actual prepayments for prepayment charge calculations are reduced by 8% CPR (the result to be no less than zero)
CW01H12	6 months interest on 80% of the prepaid principal balance for the 12 months after origination of the mortgage loan, and after that period of time, the actual prepayments for prepayment charge calculations are reduced by 8% CPR (the result to be no less than zero)
CW04	3 months interest on 100% of the prepaid principal balance
CW05	2 months interest on 100% of the prepaid principal balance
CW06	2 months interest on 80% of the prepaid principal balance
CW07	2 months interest on 66% of the prepaid principal balance
CW08	1% of the prepaid principal balance
CW09	2% of the prepaid principal balance
CW12	5% of the prepaid principal balance
CW19	1% of 80% of the prepaid principal balance
CW20	2% of 80% of the prepaid principal balance

(2) This Mortgage Loan does not have an initial payment date until after the Due Date in the month of the first Distribution Date. The structuring assumptions assume that Countrywide Home Loans will deposit an amount equal to one month's net interest on this Mortgage Loan at its current net mortgage rate into the Distribution Account prior to the first Distribution Date.

- the Supplemental Mortgage Loans consist of 346 Mortgage Loans with the following characteristics

ID#	Current Principal Balance (\$)	Original Principal Balance (\$)	Current Mortgage Rate (%)	Remaining Term to Maturity (Months)	Remaining Amortization Term (Months)	Expense Fee Rate (%)	Gross Margin (%)	Maximum Mortgage Rate (%)	Minimum Mortgage Rate (%)	Months to Next Payment Adjustment
1	172,372.65	171,399.03	9.125000	357	357	0.384000	4.400000	9.950000	4.400000	10
2	178,928.48	178,815.34	8.133087	358	358	0.384000	3.427467	11.191974	3.427467	11
3	201,459.44	197,273.69	7.597344	350	350	0.384000	2.847344	9.950000	2.847344	3
4	158,645.17	155,742.39	7.250000	351	351	0.384000	2.500000	9.950000	2.500000	4
5	780,592.95	769,014.72	7.665402	352	352	0.384000	2.916759	9.950000	2.916759	5
6	567,572.10	558,035.69	8.098565	353	353	0.384000	3.348565	9.950000	3.348565	6
7	578,460.20	569,732.69	8.615026	354	354	0.384000	3.865026	9.950000	3.865026	7
8	446,968.29	445,110.10	8.226030	355	355	0.384000	3.465039	9.950000	3.465039	8
9	658,786.67	651,744.82	8.828739	356	356	0.384000	4.071194	9.950000	4.071194	9
10	1,287,245.20	1,280,215.95	8.265307	357	357	0.384000	3.516024	9.950000	3.516024	10
11	1,950,213.28	1,947,607.19	8.188255	358	358	0.384000	3.421090	9.950000	3.421090	11
12	2,761,391.65	2,764,553.65	8.122642	359	359	0.401106	3.362960	10.058451	3.362960	12
13	196,367.11	192,230.61	8.875000	475	475	0.384000	4.125000	10.200000	4.125000	8
14	454,688.57	450,191.75	8.652253	476	476	0.384000	3.891084	10.051207	3.891084	9
15	267,702.82	265,602.58	8.409808	477	477	0.384000	3.640024	10.053725	3.640024	10
16	510,914.02	509,631.95	8.219865	478	478	0.384000	3.502364	10.111187	3.502364	11
17	1,208,714.74	1,210,027.72	8.188159	479	479	0.384000	3.415165	10.228775	3.415165	12
18	1,382,415.92	1,382,415.92	2.959001	360	360	0.450662	3.379874	9.978135	3.379874	13
19	834,003.05	834,911.05	1.970252	480	480	0.440911	3.416865	9.950000	3.416865	13
20	115,364.73	115,364.73	1.250000	480	480	0.384000	3.525000	9.950000	3.525000	13
21	106,794.78	106,794.78	8.125000	360	360	0.384000	3.400000	9.950000	3.400000	13
22	86,029.13	86,029.13	8.125000	480	480	0.384000	3.400000	9.950000	3.400000	13
23	69,209.79	68,892.85	8.125000	354	354	0.384000	3.400000	9.950000	3.400000	7
24	77,360.71	76,470.34	8.375000	355	355	0.384000	3.650000	9.950000	3.650000	8
25	78,485.52	77,994.80	8.375000	356	356	0.384000	3.575000	9.950000	3.575000	9
26	1,052,562.69	1,051,445.05	8.262528	358	358	0.583317	3.522464	9.950000	3.522464	11
27	2,346,709.59	2,346,619.19	8.161424	359	359	0.456029	3.407148	9.949502	3.407148	12
28	166,826.76	165,677.27	7.759117	477	477	0.384000	3.024568	9.950000	3.024568	10
29	285,654.88	284,070.16	8.042235	478	478	0.824214	3.290753	9.949592	3.290753	11
30	196,963.18	196,944.08	7.815137	479	479	0.463791	3.100531	9.949216	3.100531	12
31	9,511,633.60	9,512,731.61	4.557933	360	360	0.401751	3.295694	9.949984	3.295694	13
32	3,226,068.96	3,226,260.78	5.310688	480	480	0.407042	3.187805	9.949644	3.187805	13
33	540,714.50	540,714.50	3.433814	360	360	0.384000	3.513281	9.950000	3.513281	13
34	526,227.99	526,227.99	3.537347	480	480	0.384000	3.317812	9.950000	3.317812	13
35	47,392.86	47,464.35	8.875000	359	359	1.134000	4.175000	9.950000	4.175000	12
36	296,655.43	295,416.12	7.875000	357	357	0.384000	3.150000	9.950000	3.150000	10
37	368,135.97	367,848.69	7.724217	358	358	0.384000	3.026884	10.057535	3.026884	11
38	378,293.11	379,055.55	8.326108	359	359	0.384000	3.577192	9.950000	3.577192	12

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39	510,241.73	510,241.73	1.427649	360	360	0.384000	3.589341	9.950000	3.589341	13
40	272,276.97	266,327.73	8.061891	351	351	0.384000	3.336891	9.950000	3.336891	4
41	603,998.64	595,104.03	8.154749	354	354	0.384000	3.402041	9.950000	3.402041	7
42	103,147.40	102,839.42	7.500000	342	342	0.384000	2.775000	9.950000	2.775000	7
43	356,463.32	352,421.13	8.601734	355	355	0.384000	3.859754	9.950000	3.859754	8
44	3,625,987.12	3,600,884.34	8.012629	356	356	0.423318	3.275157	10.388932	3.275157	9
45	3,647,455.34	3,635,966.76	8.036698	357	357	0.384000	3.291885	10.021857	3.291885	10
46	3,131,673.56	3,127,982.22	8.201453	358	358	0.384000	3.455212	10.014764	3.455212	11
47	8,150,201.94	8,165,057.61	8.128995	359	359	0.453984	3.387276	10.041820	3.387276	12
48	205,397.52	201,723.48	8.795225	475	475	0.384000	4.018843	10.068090	4.018843	8
49	1,598,809.18	1,586,693.90	8.073876	476	476	0.397539	3.346620	10.458959	3.346620	9
50	2,256,720.87	2,239,707.40	8.028449	477	477	0.387766	3.299683	9.987368	3.299683	10
51	1,294,167.78	1,291,425.78	8.456273	478	478	0.646890	3.731273	9.950000	3.731273	11
52	2,280,510.76	2,283,628.40	8.435365	479	479	0.384000	3.679570	9.950000	3.679570	12
53	7,612,411.34	7,614,930.01	1.705817	360	360	0.384000	3.268022	10.014760	3.268022	13
54	752,178.06	752,178.06	1.602980	480	480	0.384000	3.469851	9.950000	3.469851	13
55	413,335.36	413,335.36	1.148325	360	360	0.384000	3.067344	9.950000	3.067344	13
56	333,315.16	332,909.66	7.845162	359	359	0.384000	3.065000	9.949000	3.065000	12
57	349,390.33	349,390.33	1.914151	360	360	0.384000	3.616226	9.950000	3.616226	13
58	734,626.14	734,626.14	1.000000	360	360	0.384000	3.367830	9.950000	3.367830	13
59	120,013.44	117,672.03	8.375000	352	352	0.384000	3.600000	9.949000	3.600000	5
60	314,429.35	313,528.38	7.452164	355	355	0.384000	2.727326	9.949824	2.727326	8
61	503,364.15	499,942.96	7.608189	356	356	0.384000	2.773331	9.949781	2.773331	9
62	134,933.87	134,317.51	8.375000	357	357	0.384000	3.650000	9.950000	3.650000	10
63	79,859.90	79,823.83	7.750000	358	358	0.384000	3.025000	9.950000	3.025000	11
64	4,274,238.15	4,274,554.06	8.169008	359	359	0.421504	3.392261	9.999109	3.392261	12
65	138,257.57	136,624.80	8.203557	475	475	0.429998	3.461413	9.950000	3.461413	8
66	917,499.63	909,595.21	7.763783	476	476	0.384000	3.024460	9.950000	3.024460	9
67	657,596.03	653,488.47	8.274764	477	477	0.384000	3.529584	9.950000	3.529584	10
68	1,158,003.05	1,152,558.94	7.529803	478	478	0.431424	2.801780	9.980885	2.801780	11
69	694,978.87	693,593.87	8.097378	479	479	0.384000	3.321881	9.950000	3.321881	12
70	22,611,380.96	22,614,469.27	4.995427	360	360	0.390792	3.328834	9.949681	3.328834	13
71	10,250,380.37	10,249,721.40	5.372415	480	480	0.410995	3.398577	9.950000	3.398577	13
72	17,833,166.79	17,833,735.31	5.093758	360	360	0.384000	3.439441	9.950000	3.439441	13
73	159,742.16	159,532.94	8.500000	358	358	0.384000	3.725000	9.949000	3.725000	11
74	144,586.90	144,713.52	7.685921	359	359	0.384000	2.973526	10.579769	2.973526	12
75	62,109.66	61,967.34	7.875000	478	478	0.384000	3.150000	9.950000	3.150000	11
76	81,744.15	81,744.15	1.500000	360	360	0.384000	3.725000	9.950000	3.725000	13
77	134,420.58	131,845.41	8.125000	350	350	0.384000	3.400000	9.950000	3.400000	3
78	175,946.28	176,260.83	8.137021	359	359	0.384000	3.368161	9.949623	3.368161	12

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79	251,986.32	249,517.44	8.125000	476	476	0.384000	3.350000	9.950000	3.350000	9
80	835,372.51	835,372.51	2.970407	360	360	0.384000	3.021686	9.949863	3.021686	13
81	102,048.35	102,048.35	8.500000	480	480	0.384000	3.800000	9.950000	3.800000	13
82	728,182.19	728,182.19	6.598384	360	360	0.384000	3.630808	9.950000	3.630808	13
83	106,698.99	106,465.17	9.125000	478	478	1.164000	4.350000	9.950000	4.350000	11
84	555,332.86	555,332.86	4.726652	360	360	0.384000	3.506247	9.949888	3.506247	13
85	25,050.63	25,050.63	3.000000	360	360	0.384000	4.000000	9.950000	4.000000	13
86	137,610.19	137,448.84	8.250000	358	358	0.384000	3.525000	9.950000	3.525000	11
87	268,479.99	268,223.00	5.924208	359	359	0.384000	3.015391	9.949384	3.015391	12
88	44,254.35	44,003.41	7.625000	477	477	0.384000	2.900000	9.950000	2.900000	10
89	81,106.19	81,216.77	8.750000	479	479	0.384000	3.975000	9.950000	3.975000	12
90	140,132.74	139,426.52	9.250000	357	357	1.034000	4.525000	9.950000	4.525000	10
91	132,961.22	133,163.86	7.875000	479	479	0.384000	3.100000	9.950000	3.100000	12
92	579,691.30	579,691.30	1.971840	360	360	0.438586	2.660172	9.949886	2.660172	13
93	344,393.39	344,393.39	1.457879	360	360	0.384000	3.307333	9.950000	3.307333	13
94	118,803.55	118,034.60	9.250000	356	356	1.164000	4.525000	9.949000	4.525000	9
95	138,136.32	138,272.87	6.108876	360	360	0.668091	3.934224	9.949000	3.934224	13
96	69,878.07	69,878.07	2.000000	480	480	0.384000	3.225000	9.950000	3.225000	13
97	213,434.03	212,007.42	7.625000	356	356	0.384000	2.900000	9.950000	2.900000	9
98	179,009.27	178,485.72	8.252900	358	358	0.384000	3.502320	9.950000	3.502320	11
99	271,060.25	271,532.32	8.810855	359	359	0.911823	4.019294	9.950000	4.019294	12
100	127,888.27	127,980.69	9.375000	479	479	1.334000	4.650000	9.950000	4.650000	12
101	30,200.59	29,961.87	8.000000	356	356	0.384000	3.225000	9.950000	3.225000	9
102	105,889.24	106,003.71	8.500000	479	479	0.384000	3.700000	9.950000	3.700000	12
103	137,119.23	137,119.23	1.750000	360	360	0.384000	3.400000	9.950000	3.400000	13
104	86,358.74	86,358.74	8.250000	480	480	0.384000	3.725000	9.950000	3.725000	13
105	255,450.48	255,450.48	7.250000	360	360	0.384000	2.525000	9.950000	2.525000	13
106	66,494.70	65,922.70	8.500000	356	356	0.384000	3.775000	9.949000	3.775000	9
107	180,932.82	180,265.64	8.375000	357	357	0.384000	3.650000	9.949510	3.650000	10
108	65,194.56	65,131.63	8.125000	358	358	0.384000	3.351000	9.949000	3.351000	11
109	316,217.61	316,323.50	2.786733	360	360	0.664437	3.533472	9.950000	3.533472	13
110	107,124.39	107,124.39	2.500000	360	360	0.384000	3.250000	9.950000	3.250000	13
111	47,186.82	47,299.54	7.750000	359	359	0.384000	2.950000	9.950000	2.950000	12
112	99,319.92	98,884.06	8.375000	358	358	0.384000	3.575000	9.950000	3.575000	11
113	101,109.15	98,884.06	7.875000	352	352	0.384000	3.175000	9.950000	3.175000	5
114	582,182.49	581,306.41	7.893633	358	358	0.384000	3.183323	9.950000	3.183323	11
115	458,545.62	459,613.09	8.487954	359	359	0.384000	3.725045	9.950000	3.725045	12
116	187,879.71	187,879.71	1.000000	360	360	0.384000	3.500000	12.000000	3.500000	13
117	88,627.04	87,017.97	7.750000	350	350	0.384000	2.950000	9.950000	2.950000	3
118	427,637.33	418,477.33	8.118040	351	351	0.384000	3.368040	9.950000	3.368040	4

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119	459,286.42	450,252.07	8.181986	352	352	0.384000	3.422484	9.950000	3.422484	5
120	367,539.91	360,722.45	8.397400	353	353	0.384000	3.637865	10.140703	3.637865	6
121	793,056.80	782,650.83	7.905801	354	354	0.384000	3.155801	9.950000	3.155801	7
122	749,668.49	739,916.43	8.417179	355	355	0.384000	3.658403	9.950000	3.658403	8
123	2,513,443.05	2,498,888.77	8.254545	356	356	0.532727	3.493029	10.112475	3.493029	9
124	2,938,031.20	2,923,756.98	8.280760	357	357	0.399398	3.494630	10.009635	3.494630	10
125	5,000,830.38	4,994,337.04	8.238274	358	358	0.399257	3.464299	9.994059	3.464299	11
126	19,859,502.66	20,021,770.18	8.136590	359	359	0.407288	3.347571	9.979678	3.347571	12
127	215,681.24	214,496.00	7.851387	474	474	0.426259	3.141480	12.515721	3.141480	7
128	471,218.89	463,568.46	8.427685	475	475	0.392706	3.671466	10.168907	3.671466	8
129	863,601.29	855,948.63	8.121448	476	476	0.400861	3.339706	10.506990	3.339706	9
130	1,842,153.01	1,828,745.26	8.329464	477	477	0.400849	3.540048	9.967646	3.540048	10
131	1,478,005.72	1,472,021.03	8.487656	478	478	0.579268	3.686364	10.185899	3.686364	11
132	5,512,822.45	5,520,265.08	8.172878	479	479	0.392790	3.400733	9.983608	3.400733	12
133	16,557,753.82	16,562,821.05	1.710532	360	360	0.388156	3.338058	9.964908	3.338058	13
134	2,353,080.23	2,353,570.08	1.693447	480	480	0.384000	3.450985	9.950000	3.450985	13
135	496,068.35	496,068.35	1.647375	360	360	0.384000	2.916100	9.950000	2.916100	13
136	64,974.50	64,291.12	9.375000	354	354	1.324000	4.575000	9.950000	4.575000	7
137	39,824.87	40,054.64	8.125000	356	356	0.384000	3.325000	9.950000	3.325000	9
138	210,235.29	208,974.97	8.000000	357	357	0.384000	3.221554	9.950000	3.221554	10
139	307,356.19	305,815.43	7.965121	358	358	0.384000	3.191025	9.950000	3.191025	11
140	5,874,215.08	5,903,728.88	8.337397	359	359	0.429690	3.546209	9.950000	3.546209	12
141	99,843.59	98,884.06	8.250000	476	476	0.384000	3.500000	10.700000	3.500000	9
142	267,084.67	265,758.15	7.930781	477	477	0.384000	3.178767	9.950000	3.178767	10
143	19,061.67	19,018.70	7.875000	478	478	0.384000	3.175000	9.950000	3.175000	11
144	2,694,203.83	2,692,090.75	8.062114	479	479	0.384000	3.272897	9.950000	3.272897	12
145	18,566,427.53	18,567,533.13	4.643001	360	360	0.387863	3.394588	9.950000	3.394588	13
146	10,994,915.16	10,994,446.90	5.455318	480	480	0.388978	3.352950	9.950000	3.352950	13
147	7,827,854.08	7,827,854.08	5.190828	360	360	0.392415	3.154058	9.950000	3.154058	13
148	420,323.16	420,323.16	5.057638	480	480	0.384000	2.022365	9.950000	2.022365	13
149	165,491.27	164,806.76	7.975103	357	357	0.384000	3.175103	9.950000	3.175103	10
150	93,255.78	93,445.43	8.375000	359	359	0.384000	3.575000	9.950000	3.575000	12
151	151,440.93	151,440.93	4.396738	360	360	0.384000	3.575000	9.950000	3.575000	13
152	244,473.25	242,265.94	8.307257	476	476	0.437968	3.507257	9.950000	3.507257	9
153	119,503.58	118,660.87	8.000000	356	356	0.384000	3.200000	9.950000	3.200000	9
154	123,303.78	124,593.91	7.375000	357	357	0.384000	2.575000	9.950000	2.575000	10
155	85,788.91	85,699.52	8.375000	358	358	0.384000	3.575000	9.950000	3.575000	11
156	38,837.13	38,564.78	8.500000	477	477	0.384000	3.700000	9.950000	3.700000	10
157	1,223,502.43	1,223,706.68	1.960895	360	360	0.429505	3.606183	9.950000	3.606183	13
158	103,828.26	103,828.26	2.250000	360	360	0.384000	2.875000	9.950000	2.875000	13

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159	125,225.39	125,516.83	8.000000	359	359	0.384000	3.250000	9.950000	3.250000	12
160	584,579.98	584,866.23	3.413722	360	360	0.384000	3.253424	9.950000	3.253424	13
161	288,411.83	288,411.83	1.500000	360	360	0.384000	3.575000	9.950000	3.575000	13
162	22,082.93	21,919.30	8.250000	356	356	0.384000	3.450000	9.950000	3.450000	9
163	240,924.77	239,876.24	8.193021	357	357	0.408210	3.393021	9.950000	3.393021	10
164	112,992.16	112,859.67	8.375000	358	358	0.384000	3.575000	9.950000	3.575000	11
165	399,646.61	400,810.04	8.055767	359	359	0.474328	3.290550	9.950000	3.290550	12
166	69,818.28	69,713.26	8.375000	479	479	1.024000	3.650000	9.950000	3.650000	12
167	135,965.58	135,965.58	3.000000	360	360	0.384000	3.450000	9.950000	3.450000	13
168	29,224.23	29,121.35	9.250000	357	357	1.574000	4.450000	9.950000	4.450000	10
169	518,761.96	518,495.25	7.221325	360	360	0.384000	3.440952	9.950000	3.440952	13
170	87,017.97	87,017.97	7.750000	480	480	0.384000	3.175000	9.950000	3.175000	13
171	154,918.36	154,918.36	7.499601	360	360	0.541979	3.638191	9.950000	3.638191	13
172	154,424.22	152,940.67	8.375000	355	355	0.384000	3.575000	9.950000	3.575000	8
173	123,158.66	122,088.85	8.875000	356	356	0.384000	4.075000	9.950000	4.075000	9
174	297,087.14	295,992.94	8.570805	357	357	0.836468	3.816221	9.950000	3.816221	10
175	105,260.41	105,146.71	8.250000	358	358	0.384000	3.450000	9.950000	3.450000	11
176	465,103.67	465,546.14	8.255227	359	359	0.384000	3.455227	9.950000	3.455227	12
177	104,839.00	104,157.87	8.250000	477	477	0.384000	3.450000	9.950000	3.450000	10
178	50,385.47	50,430.87	7.875000	479	479	0.384000	3.125000	9.950000	3.125000	12
179	256,439.32	256,439.32	1.991645	360	360	0.384000	3.161118	9.950000	3.161118	13
180	173,010.18	173,376.71	8.375000	359	359	0.384000	3.575000	9.950000	3.575000	12
181	118,777.70	118,990.48	8.125000	479	479	0.384000	3.325000	9.950000	3.325000	12
182	556,387.62	556,387.62	4.763700	360	360	0.384000	2.120172	9.950000	2.120172	13
183	262,874.34	261,696.66	8.585675	357	357	0.384000	3.797248	9.950000	3.797248	10
184	212,611.53	212,353.51	8.535744	358	358	0.384000	3.787455	9.950000	3.787455	11
185	313,406.74	314,055.76	8.393372	359	359	0.384000	3.668372	9.950000	3.668372	12
186	134,281.83	133,954.94	8.456761	478	478	0.384000	3.731761	9.950000	3.731761	11
187	31,283.22	31,148.48	8.250000	357	357	0.384000	3.450000	9.950000	3.450000	10
188	209,634.20	209,634.20	2.349057	360	360	0.384000	3.056604	9.950000	3.056604	13
189	113,716.66	113,716.66	2.250000	360	360	0.384000	3.575000	9.950000	3.575000	13
190	248,257.63	246,550.91	8.143155	356	356	0.454000	3.343155	9.950000	3.343155	9
191	468,844.41	469,549.62	7.593739	357	357	0.384000	2.836739	10.950000	2.836739	10
192	1,908,460.97	1,917,757.39	1.000000	358	358	0.384000	2.970113	10.780587	2.970113	11
193	967,683.47	973,678.34	8.403881	357	357	0.384000	3.650135	9.950000	3.650135	10
194	1,781,681.71	1,788,878.51	2.082508	358	358	0.384000	3.696940	9.950000	3.696940	11
195	3,300,886.01	3,309,006.63	2.025867	359	359	0.384000	3.682599	9.950000	3.682599	12
196	1,450,464.30	1,450,464.30	1.968356	360	360	0.384000	3.695353	9.950000	3.695353	13
197	53,397.39	53,397.39	2.250000	480	480	0.384000	3.800000	9.950000	3.800000	13
198	161,400.54	159,895.52	8.500000	352	352	0.384000	3.800000	9.950000	3.800000	5

ID#	Current Principal Balance (\$)	Original Principal Balance (\$)	Current Mortgage Rate (%)	Remaining Term to Maturity (Months)	Remaining Amortization Term (Months)	Expense Fee Rate (%)	Gross Margin (%)	Maximum Mortgage Rate (%)	Minimum Mortgage Rate (%)	Months to Next Payment Adjustment
199	137,656.23	137,943.26	8.375000	356	356	0.384000	3.650000	9.950000	3.650000	9
200	486,793.99	489,113.50	1.998567	358	358	0.384000	3.800000	9.950000	3.800000	11
201	931,466.53	934,091.76	2.117357	359	359	0.384000	3.800000	9.950000	3.800000	12
202	2,688,185.64	2,688,459.73	1.910327	360	360	0.384000	3.518826	9.950000	3.518826	13
203	763,054.97	763,054.97	2.468143	480	480	0.384000	3.800000	9.949873	3.800000	13
204	721,867.82	724,737.73	7.749483	356	356	0.384000	3.085483	10.472341	3.085483	9
205	315,634.14	316,428.98	7.998251	357	357	0.384000	3.241251	10.736001	3.241251	10
206	505,250.11	507,670.75	1.000000	358	358	0.384000	2.931421	10.498630	2.931421	11
207	53,942.54	54,287.35	8.500000	357	357	0.384000	3.800000	9.950000	3.800000	10
208	77,415.10	77,908.77	1.750000	358	358	0.384000	3.675000	9.950000	3.675000	11
209	85,379.03	85,699.52	2.500000	359	359	0.384000	3.800000	9.949000	3.800000	12
210	84,300.29	84,381.06	3.500000	479	479	0.384000	3.975000	9.950000	3.975000	12
211	47,793.96	47,793.96	2.250000	360	360	0.384000	3.800000	9.950000	3.800000	13
212	235,870.65	235,344.05	8.000000	354	354	0.384000	3.225000	9.950000	3.225000	7
213	188,584.55	189,280.56	8.557945	477	477	0.384000	3.857945	9.950000	3.857945	10
214	197,456.87	197,768.11	3.500000	359	359	0.384000	4.100000	9.950000	4.100000	12
215	117,028.89	117,342.41	7.125000	354	354	0.384000	2.325000	9.950000	2.325000	7
216	360,260.79	361,091.61	2.506551	359	359	0.384000	3.327334	9.949000	3.327334	12
217	220,879.69	221,038.83	2.151597	360	360	0.384000	3.601198	9.950000	3.601198	13
218	647,360.96	647,360.96	2.000000	360	360	0.384000	3.887067	9.950000	3.887067	13
219	70,952.83	71,196.52	3.250000	358	358	0.384000	4.050000	9.950000	4.050000	11
220	81,393.39	81,579.35	8.500000	356	356	0.384000	3.725000	9.950000	3.725000	9
221	61,628.03	60,121.51	8.750000	345	345	0.384000	4.050000	9.950000	4.050000	10
222	119,100.69	119,649.71	7.414000	356	356	0.384000	2.750000	10.950000	2.750000	9
223	160,621.99	162,169.85	7.757000	357	357	0.384000	3.000000	10.950000	3.000000	10
224	97,194.76	97,895.22	1.000000	358	358	0.384000	3.000000	10.950000	3.000000	11
225	103,353.74	100,532.12	8.000000	340	340	0.384000	3.225000	9.950000	3.225000	5
226	30,230.29	30,060.75	7.625000	353	353	0.384000	2.850000	9.950000	2.850000	6
227	239,424.27	238,805.00	8.392906	354	354	0.384000	3.607197	9.950000	3.607197	7
228	37,398.10	37,816.56	8.750000	357	357	0.384000	3.975000	9.950000	3.975000	10
229	155,952.64	156,582.90	2.226197	358	358	0.384000	3.933884	9.950000	3.933884	11
230	157,729.49	157,871.69	8.627146	477	477	0.384000	3.597854	9.950000	3.597854	10
231	420,317.63	421,114.24	2.431784	359	359	0.384000	3.833506	9.950000	3.833506	12
232	105,375.36	105,476.33	3.500000	479	479	0.384000	4.225000	9.950000	4.225000	12
233	157,861.85	157,967.28	2.085571	360	360	0.384000	3.126343	9.950000	3.126343	13
234	73,602.70	73,602.70	2.750000	480	480	0.384000	4.225000	9.950000	4.225000	13
235	30,156.64	30,670.54	8.625000	357	357	0.384000	3.900000	9.950000	3.900000	10
236	432,864.96	432,864.96	2.762421	360	360	0.384000	3.810109	9.950000	3.810109	13
237	204,676.71	205,019.61	2.168674	480	480	0.384000	3.275905	9.950000	3.275905	13
238	195,296.01	195,296.01	1.851266	360	360	0.384000	3.801899	9.950000	3.801899	13

ID#	Current Principal Balance (\$)	Original Principal Balance (\$)	Current Mortgage Rate (%)	Remaining Term to Maturity (Months)	Remaining Amortization Term (Months)	Expense Fee Rate (%)	Gross Margin (%)	Maximum Mortgage Rate (%)	Minimum Mortgage Rate (%)	Months to Next Payment Adjustment
239	196,025.93	196,532.06	2.250000	478	478	0.384000	3.725000	10.450000	3.725000	11
240	291,146.52	291,707.97	2.351701	359	359	0.384000	3.606361	9.950000	3.606361	12
241	177,762.33	177,991.30	2.250000	479	479	0.384000	4.225000	9.950000	4.225000	12
242	89,654.88	89,654.88	3.000000	360	360	0.384000	3.850000	9.950000	3.850000	13
243	122,431.55	122,616.23	3.750000	359	359	0.384000	4.100000	9.950000	4.100000	12
244	663,544.98	663,544.98	2.143200	360	360	0.384000	3.513819	9.950000	3.513819	13
245	60,725.57	60,978.50	9.125000	357	357	0.954000	4.400000	9.950000	4.400000	10
246	40,460.18	40,542.46	2.000000	359	359	0.384000	4.025000	9.950000	4.025000	12
247	55,375.07	55,375.07	1.750000	360	360	0.384000	4.025000	9.950000	4.025000	13
248	131,860.59	132,257.43	8.750000	356	356	0.384000	3.975000	9.950000	3.975000	9
249	87,202.19	87,759.60	8.750000	357	357	0.384000	3.975000	9.950000	3.975000	10
250	274,855.25	268,470.21	8.528523	352	352	0.384000	3.153523	9.950000	3.153523	5
251	91,295.81	89,325.26	8.375000	353	353	0.384000	3.000000	9.950000	3.000000	6
252	203,025.54	197,768.11	8.225304	351	351	0.384000	2.850304	9.950000	2.850304	4
253	77,373.73	75,151.88	9.750000	353	353	0.384000	4.375000	9.950000	4.375000	6
254	185,742.74	181,287.44	9.500000	354	354	0.384000	4.125000	9.950000	4.125000	7
255	272,075.88	267,646.18	9.100562	355	355	0.384000	3.725562	9.950000	3.725562	8
256	270,050.49	267,810.99	8.250000	356	356	0.384000	2.900000	9.950000	2.900000	9
257	599,991.95	596,719.14	8.587867	357	357	0.384000	3.221227	10.702420	3.221227	10
258	508,204.51	507,110.40	8.477258	358	358	0.384000	3.154532	9.950000	3.154532	11
259	24,610.80	23,765.13	8.000000	334	334	0.384000	2.725000	10.325000	2.725000	11
260	97,661.93	97,895.22	8.500000	359	359	0.384000	3.150000	9.950000	3.150000	12
261	59,058.92	57,682.37	8.750000	352	352	0.384000	3.400000	9.950000	3.400000	5
262	185,710.54	184,215.39	8.470954	356	356	0.384000	3.120954	9.950000	3.120954	9
263	122,658.67	122,945.84	7.791659	357	357	0.384000	2.438882	9.950000	2.438882	10
264	1,015,669.05	1,012,426.06	8.467089	358	358	0.421152	3.264425	9.950000	3.264425	11
265	665,420.42	666,331.86	8.499905	359	359	0.384000	3.228929	9.950000	3.228929	12
266	48,862.70	47,464.35	9.875000	351	351	0.384000	4.550000	9.950000	4.550000	4
267	115,583.83	113,716.66	9.000000	355	355	0.384000	3.625000	9.950000	3.625000	8
268	493,526.44	486,839.17	8.806944	356	356	0.384000	3.442949	9.950000	3.442949	9
269	271,994.85	270,838.16	8.041522	357	357	0.384000	2.766522	9.950000	2.766522	10
270	289,546.94	289,214.44	8.405870	358	358	0.384000	3.130870	10.652084	3.130870	11
271	396,218.47	395,367.46	7.921733	478	478	0.384000	2.646733	9.950000	2.646733	11
272	224,431.70	224,137.19	7.500000	357	357	0.384000	2.125000	9.950000	2.125000	10
273	145,224.26	145,029.95	8.375000	358	358	0.384000	3.075000	9.950000	3.075000	11
274	86,090.54	85,699.52	8.250000	477	477	0.384000	2.875000	9.950000	2.875000	10
275	63,097.87	61,556.97	8.625000	352	352	0.384000	3.350000	9.950000	3.350000	5
276	332,726.26	330,905.61	7.797669	356	356	0.384000	2.522669	9.950000	2.522669	9
277	214,059.98	213,325.87	7.969215	357	357	0.384000	2.656742	9.950000	2.656742	10
278	1,278,408.93	1,277,729.02	8.376295	358	358	0.384000	3.105607	9.950000	3.105607	11

ID#	Current Principal Balance (\$)	Original Principal Balance (\$)	Current Mortgage Rate (%)	Remaining Term to Maturity (Months)	Remaining Amortization Term (Months)	Expense Fee Rate (%)	Gross Margin (%)	Maximum Mortgage Rate (%)	Minimum Mortgage Rate (%)	Months to Next Payment Adjustment
279	377,663.00	378,475.43	8.708463	359	359	0.384000	3.366556	9.950000	3.366556	12
280	68,938.45	68,559.61	8.625000	476	476	0.384000	3.275000	9.950000	3.275000	9
281	110,532.94	110,090.92	8.125000	477	477	0.384000	2.850000	9.950000	2.850000	10
282	144,879.54	144,502.57	8.250000	478	478	0.384000	2.900000	9.950000	2.900000	11
283	73,721.07	73,833.43	8.125000	479	479	0.384000	2.800000	9.950000	2.800000	12
284	104,508.37	104,157.87	8.177000	359	359	0.384000	3.350000	9.950000	3.350000	12
285	103,734.23	103,333.84	9.125000	357	357	1.354000	3.800000	9.950000	3.800000	10
286	80,786.38	80,425.70	8.250000	357	357	0.384000	2.975000	9.950000	2.975000	10
287	68,671.09	68,642.02	7.625000	358	358	0.384000	2.350000	9.950000	2.350000	11
288	239,455.84	237,321.74	8.500000	356	356	0.384000	3.150000	9.950000	3.150000	9
289	98,761.78	98,620.37	8.500000	358	358	0.384000	3.225000	9.950000	3.225000	11
290	296,845.67	287,917.41	8.331470	350	350	0.384000	2.965176	9.950000	2.965176	3
291	148,668.68	144,041.11	8.875000	351	351	0.384000	3.500000	9.950000	3.500000	4
292	230,515.62	224,466.81	8.625000	352	352	0.384000	3.250000	9.950000	3.250000	5
293	115,352.14	113,387.05	8.875000	354	354	0.384000	3.500000	9.950000	3.500000	7
294	117,204.93	115,364.73	8.500000	355	355	0.384000	3.125000	9.950000	3.125000	8
295	497,951.90	496,005.72	8.516683	357	357	0.587615	3.177868	10.766974	3.177868	10
296	593,154.24	594,252.31	8.349219	358	358	0.384000	3.104966	9.950000	3.104966	11
297	156,589.69	154,753.55	8.750000	476	476	0.384000	3.400000	9.950000	3.400000	9
298	213,089.24	211,611.88	8.750000	477	477	0.384000	3.400000	9.950000	3.400000	10
299	55,704.69	55,704.69	2.750000	360	360	0.384000	2.950000	9.950000	2.950000	13
300	38,693.30	38,564.78	8.750000	355	355	0.384000	3.400000	9.950000	3.400000	8
301	58,053.32	57,682.37	8.500000	356	356	0.384000	3.150000	9.950000	3.150000	9
302	150,977.81	150,303.77	8.250000	357	357	0.384000	2.975000	9.950000	2.975000	10
303	452,393.48	452,394.56	8.554135	358	358	0.458881	3.247851	9.950000	3.247851	11
304	220,720.38	221,105.41	8.629945	359	359	0.384000	3.297953	9.950000	3.297953	12
305	131,663.21	129,620.52	8.500000	475	475	0.384000	3.150000	9.950000	3.150000	8
306	194,274.47	193,483.14	8.519125	477	477	0.384000	3.169125	9.950000	3.169125	10
307	42,495.92	41,778.51	8.750000	352	352	0.384000	3.400000	9.950000	3.400000	5
308	47,268.80	47,200.66	8.500000	358	358	0.384000	3.150000	9.950000	3.150000	11
309	49,772.86	48,453.19	8.500000	351	351	0.384000	3.150000	9.950000	3.150000	4
310	48,412.08	48,205.98	8.125000	357	357	0.384000	2.825000	9.950000	2.825000	10
311	32,541.67	32,631.74	8.227000	358	358	0.384000	3.400000	9.950000	3.400000	11
312	20,930.19	20,765.65	8.250000	356	356	0.384000	2.975000	9.950000	2.975000	9
313	39,354.08	39,191.05	7.875000	357	357	0.384000	2.600000	9.950000	2.600000	10
314	101,874.24	101,356.16	8.625000	357	357	0.384000	3.275000	9.950000	3.275000	10
315	70,679.88	70,899.87	8.080000	356	356	0.384000	2.750000	10.950000	2.750000	9
316	120,969.80	120,968.16	8.205000	355	355	0.384000	2.875000	9.950000	2.875000	8
317	183,233.91	183,528.81	8.445000	357	357	0.384000	3.125000	9.950000	3.125000	10
318	55,827.90	55,068.53	8.625000	350	350	0.384000	3.250000	9.950000	3.250000	3

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319	207,901.64	209,106.82	8.731963	357	357	0.384000	3.356963	9.950000	3.356963	10
320	125,261.96	123,687.47	8.750000	475	475	0.384000	3.400000	9.950000	3.400000	8
321	181,988.13	180,628.21	8.750000	477	477	0.384000	3.400000	9.950000	3.400000	10
322	234,326.36	233,695.99	1.500000	478	478	0.384000	3.051878	9.950000	3.051878	11
323	32,242.90	32,302.13	9.000000	357	357	0.384000	3.650000	9.950000	3.650000	10
324	73,621.28	72,679.78	8.750000	475	475	0.384000	3.400000	9.950000	3.400000	8
325	104,532.18	104,157.87	8.250000	476	476	0.384000	2.875000	9.950000	2.875000	9
326	212,466.54	210,952.65	8.750000	477	477	0.384000	3.400000	9.950000	3.400000	10
327	494,437.85	492,442.60	1.669683	478	478	0.384000	3.301999	9.950000	3.301999	11
328	96,676.10	96,774.53	3.250000	479	479	0.384000	3.400000	9.950000	3.400000	12
329	58,927.01	60,236.87	8.875000	356	356	0.384000	3.525000	9.950000	3.525000	9
330	27,754.54	27,819.38	8.250000	476	476	0.384000	2.875000	9.950000	2.875000	9
331	68,901.90	68,230.00	8.750000	475	475	0.384000	3.400000	9.950000	3.400000	8
332	77,009.58	79,634.63	7.500000	356	356	0.384000	3.200000	9.950000	3.200000	9
333	412,677.50	412,939.82	7.265341	356	356	0.384000	3.015341	9.950000	3.015341	9
334	122,510.65	121,610.91	7.456851	357	357	0.478164	3.176691	9.950000	3.176691	10
335	192,703.96	192,329.49	7.250000	358	358	0.384000	3.012123	9.950000	3.012123	11
336	207,812.04	208,266.30	7.142334	359	359	0.384000	2.907845	9.950000	2.907845	12
337	265,064.85	262,042.75	7.500000	475	475	0.384000	3.250000	9.950000	3.250000	8
338	280,014.11	278,523.43	7.375000	476	476	0.384000	3.125000	9.950000	3.125000	9
339	67,138.84	67,241.16	7.500000	479	479	0.384000	3.250000	9.950000	3.250000	12
340	138,253.30	137,448.84	7.625000	358	358	0.384000	3.300000	9.950000	3.300000	11
341	323,814.94	324,998.93	7.375000	356	356	0.384000	3.141480	9.950000	3.141480	9
342	87,936.74	88,138.66	7.625000	359	359	0.384000	3.350000	9.950000	3.350000	12
343	93,535.16	93,610.24	7.500000	476	476	0.384000	3.275000	9.950000	3.275000	9
344	66,334.98	65,922.70	7.625000	478	478	0.384000	3.350000	9.950000	3.350000	11
345	434,508.47	430,228.05	8.172886	356	476	0.454000	3.403793	9.950000	3.403793	9
346	154,456.89	152,940.67	8.250000	357	477	0.454000	3.450000	9.950000	3.450000	10

- the Supplemental Mortgage Loans will also have the following characteristics:

ID#	Age (Months)	Mortgage Index	Months to Next Rate Adjustment	Maximum Amount of Negative Amortization (%)	Original Monthly Scheduled Principal & Interest Payment (\$)	Months to Initial Recast	Payment Cap (%)	Original Prepayment Charge Period (Months)	Prepayment Type (1)	Prefunding (2)
1	3	MTA	1	110	633.52	60	7.50	0	N/A	Yes
2	2	MTA	1	110	700.27	60	7.50	0	N/A	Yes
3	10	MTA	1	115	690.56	60	7.50	0	N/A	Yes
4	9	MTA	1	115	519.01	60	7.50	0	N/A	Yes
5	8	MTA	1	115	2,622.28	60	7.50	0	N/A	Yes
6	7	MTA	1	115	1,930.75	60	7.50	0	N/A	Yes
7	6	MTA	1	115	2,040.72	60	7.50	0	N/A	Yes
8	5	MTA	1	115	1,665.45	60	7.50	0	N/A	Yes
9	4	MTA	1	115	2,318.93	60	7.50	0	N/A	Yes
10	3	MTA	1	115	4,540.13	60	7.50	0	N/A	Yes
11	2	MTA	1	115	6,987.33	60	7.50	0	N/A	Yes
12	1	MTA	1	115	9,872.89	60	7.50	0	N/A	Yes
13	5	MTA	1	115	509.11	60	7.50	0	N/A	Yes
14	4	MTA	1	115	1,453.90	60	7.50	0	N/A	Yes
15	3	MTA	1	115	810.63	60	7.50	0	N/A	Yes
16	2	MTA	1	115	1,444.27	60	7.50	0	N/A	Yes
17	1	MTA	1	115	3,894.18	60	7.50	0	N/A	Yes
18	0	MTA	1	115	4,948.47	60	7.50	0	N/A	Yes
19	0	MTA	1	115	2,533.45	60	7.50	0	N/A	Yes
20	0	MTA	1	115	305.54	60	7.50	0	N/A	Yes
21	0	MTA	1	110	355.90	120	7.50	0	N/A	Yes
22	0	MTA	1	110	295.71	120	7.50	0	N/A	Yes
23	6	MTA	1	115	263.34	120	7.50	0	N/A	Yes
24	5	MTA	1	115	254.84	120	7.50	0	N/A	Yes
25	4	MTA	1	115	318.41	120	7.50	0	N/A	Yes
26	2	MTA	1	115	3,945.04	120	7.50	0	N/A	Yes
27	1	MTA	1	115	8,670.21	120	7.50	0	N/A	Yes
28	3	MTA	1	115	546.37	120	7.50	0	N/A	Yes
29	2	MTA	1	115	946.85	120	7.50	0	N/A	Yes
30	1	MTA	1	115	642.05	120	7.50	0	N/A	Yes
31	0	MTA	1	115	34,307.26	120	7.50	0	N/A	Yes
32	0	MTA	1	115	9,464.14	120	7.50	0	N/A	Yes
33	0	MTA	1	115	1,973.60	120	7.50	0	N/A	Yes
34	0	MTA	1	115	1,536.12	120	7.50	0	N/A	Yes
35	1	MTA	1	115	219.82	120	7.50	6	CW01	Yes
36	3	MTA	1	115	950.17	60	7.50	12	CW01S	Yes
37	2	MTA	1	110	1,202.13	60	7.50	12	CW01	Yes
38	1	MTA	1	110	1,412.74	60	7.50	12	CW01	Yes

ID#	Age (Months)	Mortgage Index	Months to Next Rate Adjustment	Maximum Amount of Negative Amortization (%)	Original Monthly Scheduled Principal & Interest Payment (\$)	Months to Initial Recast	Payment Cap (%)	Original Prepayment Charge Period (Months)	Prepayment Type (1)	Prefunding (2)
39	0	MTA	1	110	1,743.42	60	7.50	12	CW01	Yes
40	9	MTA	1	115	856.62	60	7.50	12	CW01	Yes
41	6	MTA	1	115	2,066.12	60	7.50	12	CW01	Yes
42	18	MTA	1	115	355.58	60	7.50	12	CW01	Yes
43	5	MTA	1	115	1,270.24	60	7.50	12	CW01	Yes
44	4	MTA	1	115	16,984.97	60	7.50	12	CW01	Yes
45	3	MTA	1	115	12,401.26	60	7.50	12	CW01	Yes
46	2	MTA	1	115	10,870.24	60	7.50	12	CW01	Yes
47	1	MTA	1	115	28,408.67	60	7.50	12	CW01	Yes
48	5	MTA	1	115	559.12	60	7.50	12	CW01	Yes
49	4	MTA	1	115	5,891.35	60	7.50	12	CW01	Yes
50	3	MTA	1	115	6,482.54	60	7.50	12	CW01	Yes
51	2	MTA	1	115	4,093.44	60	7.50	12	CW01	Yes
52	1	MTA	1	115	6,644.14	60	7.50	12	CW01	Yes
53	0	MTA	1	115	25,865.13	60	7.50	12	CW01	Yes
54	0	MTA	1	115	2,125.17	60	7.50	12	CW01	Yes
55	0	MTA	1	115	1,358.55	60	7.50	12	CW01	Yes
56	1	MTA	1	110	1,225.92	120	7.50	12	CW01	Yes
57	0	MTA	1	110	1,279.31	120	7.50	12	CW01	Yes
58	0	MTA	1	110	2,362.85	120	7.50	12	CW01	Yes
59	8	MTA	1	115	406.11	120	7.50	12	CW01	Yes
60	5	MTA	1	115	1,191.41	120	7.50	12	CW01	Yes
61	4	MTA	1	115	1,833.01	120	7.50	12	CW01	Yes
62	3	MTA	1	115	479.84	120	7.50	12	CW01	Yes
63	2	MTA	1	115	347.40	120	7.50	12	CW01	Yes
64	1	MTA	1	115	15,674.50	120	7.50	12	CW01	Yes
65	5	MTA	1	115	401.77	120	7.50	12	CW01	Yes
66	4	MTA	1	115	2,569.09	120	7.50	12	CW01	Yes
67	3	MTA	1	115	2,073.34	120	7.50	12	CW01	Yes
68	2	MTA	1	115	3,510.60	120	7.50	12	CW01	Yes
69	1	MTA	1	115	1,886.97	120	7.50	12	CW01	Yes
70	0	MTA	1	115	80,851.82	120	7.50	12	CW01	Yes
71	0	MTA	1	115	30,400.84	120	7.50	12	CW01	Yes
72	0	MTA	1	115	63,747.60	120	7.50	12	CW01	Yes
73	2	MTA	1	115	550.58	60	7.50	12	CW04	Yes
74	1	MTA	1	115	473.92	60	7.50	12	CW04	Yes
75	2	MTA	1	115	164.12	60	7.50	12	CW04	Yes
76	0	MTA	1	115	282.12	60	7.50	12	CW04	Yes
77	10	MTA	1	115	520.95	120	7.50	12	CW04	Yes
78	1	MTA	1	115	778.21	120	7.50	12	CW04	Yes

ID#	Age (Months)	Mortgage Index	Months to Next Rate Adjustment	Maximum Amount of Negative Amortization (%)	Original Monthly Scheduled Principal & Interest Payment (\$)	Months to Initial Recast	Payment Cap (%)	Original Prepayment Charge Period (Months)	Prepayment Type (1)	Prefunding (2)
79	4	MTA	1	115	691.60	120	7.50	12	CW04	Yes
80	0	MTA	1	115	2,824.97	120	7.50	12	CW04	Yes
81	0	MTA	1	115	309.03	120	7.50	12	CW04	Yes
82	0	MTA	1	115	2,767.55	120	7.50	12	CW04	Yes
83	2	MTA	1	115	487.21	120	7.50	12	CW05	Yes
84	0	MTA	1	115	1,884.55	120	7.50	12	CW05	Yes
85	0	MTA	1	115	105.61	120	7.50	12	CW05	Yes
86	2	MTA	1	115	491.03	60	7.50	12	CW06	Yes
87	1	MTA	1	115	958.21	60	7.50	12	CW07	Yes
88	3	MTA	1	115	116.54	60	7.50	12	CW07	Yes
89	1	MTA	1	115	245.94	60	7.50	12	CW07	Yes
90	3	MTA	1	115	597.27	120	7.50	12	CW07	Yes
91	1	MTA	1	115	369.09	120	7.50	12	CW07	Yes
92	0	MTA	1	115	2,138.57	120	7.50	12	CW07	Yes
93	0	MTA	1	115	1,182.05	120	7.50	12	CW07	Yes
94	4	MTA	1	115	589.33	60	7.50	12	CW08	Yes
95	0	MTA	1	115	555.23	120	7.50	12	CW08	Yes
96	0	MTA	1	115	211.61	120	7.50	12	CW08	Yes
97	4	MTA	1	115	681.90	60	7.50	12	CW09	Yes
98	2	MTA	1	115	584.70	60	7.50	12	CW09	Yes
99	1	MTA	1	115	1,273.01	60	7.50	12	CW09	Yes
100	1	MTA	1	115	585.68	60	7.50	12	CW09	Yes
101	4	MTA	1	115	122.32	120	7.50	12	CW09	Yes
102	1	MTA	1	115	379.48	120	7.50	12	CW09	Yes
103	0	MTA	1	115	489.85	120	7.50	12	CW09	Yes
104	0	MTA	1	115	273.02	120	7.50	12	CW09	Yes
105	0	MTA	1	115	821.63	120	7.50	12	CW09	Yes
106	4	MTA	1	115	219.69	60	7.50	12	CW12	Yes
107	3	MTA	1	115	759.73	60	7.50	12	CW12	Yes
108	2	MTA	1	115	232.68	60	7.50	12	CW12	Yes
109	0	MTA	1	115	1,298.83	60	7.50	24	CW01	Yes
110	0	MTA	1	115	423.27	60	7.50	24	CW08	Yes
111	1	MTA	1	115	152.13	60	7.50	24	CW09	Yes
112	2	MTA	1	115	353.26	120	7.50	24	CW09	Yes
113	8	MTA	1	110	318.05	120	7.50	36	CW01H12	Yes
114	2	MTA	1	110	1,924.31	60	7.50	36	CW01	Yes
115	1	MTA	1	110	1,513.27	60	7.50	36	CW01	Yes
116	0	MTA	1	110	604.30	60	7.50	36	CW01	Yes
117	10	MTA	1	115	321.64	60	7.50	36	CW01	Yes
118	9	MTA	1	115	1,475.21	60	7.50	36	CW01	Yes

ID#	Age (Months)	Mortgage Index	Months to Next Rate Adjustment	Maximum Amount of Negative Amortization (%)	Original Monthly Scheduled Principal & Interest Payment (\$)	Months to Initial Recast	Payment Cap (%)	Original Prepayment Charge Period (Months)	Prepayment Type (1)	Prefunding (2)
119	8	MTA	1	115	1,573.56	60	7.50	36	CW01	Yes
120	7	MTA	1	115	1,237.96	60	7.50	36	CW01	Yes
121	6	MTA	1	115	2,687.54	60	7.50	36	CW01	Yes
122	5	MTA	1	115	2,513.54	60	7.50	36	CW01	Yes
123	4	MTA	1	115	12,505.73	60	7.50	36	CW01	Yes
124	3	MTA	1	115	10,341.49	60	7.50	36	CW01	Yes
125	2	MTA	1	115	17,801.27	60	7.50	36	CW01	Yes
126	1	MTA	1	115	71,704.76	60	7.50	36	CW01	Yes
127	6	MTA	1	115	1,194.24	60	7.50	36	CW01	Yes
128	5	MTA	1	115	1,338.23	60	7.50	36	CW01	Yes
129	4	MTA	1	115	3,220.96	60	7.50	36	CW01	Yes
130	3	MTA	1	115	5,302.18	60	7.50	36	CW01	Yes
131	2	MTA	1	115	4,720.32	60	7.50	36	CW01	Yes
132	1	MTA	1	115	15,826.43	60	7.50	36	CW01	Yes
133	0	MTA	1	115	58,418.26	60	7.50	36	CW01	Yes
134	0	MTA	1	115	6,763.62	60	7.50	36	CW01	Yes
135	0	MTA	1	115	1,749.41	60	7.50	36	CW01	Yes
136	6	MTA	1	115	330.55	120	7.50	36	CW01	Yes
137	4	MTA	1	115	133.48	120	7.50	36	CW01	Yes
138	3	MTA	1	115	776.22	120	7.50	36	CW01	Yes
139	2	MTA	1	115	1,081.72	120	7.50	36	CW01	Yes
140	1	MTA	1	115	22,497.15	120	7.50	36	CW01	Yes
141	4	MTA	1	115	299.45	120	7.50	36	CW01	Yes
142	3	MTA	1	115	908.92	120	7.50	36	CW01	Yes
143	2	MTA	1	115	52.72	120	7.50	36	CW01	Yes
144	1	MTA	1	115	7,871.27	120	7.50	36	CW01	Yes
145	0	MTA	1	115	67,902.92	120	7.50	36	CW01	Yes
146	0	MTA	1	115	33,958.56	120	7.50	36	CW01	Yes
147	0	MTA	1	115	28,799.07	120	7.50	36	CW01	Yes
148	0	MTA	1	115	1,149.58	120	7.50	36	CW01	Yes
149	3	MTA	1	115	530.08	60	7.50	36	CW04	Yes
150	1	MTA	1	115	345.39	120	7.50	36	CW05	Yes
151	0	MTA	1	115	551.85	120	7.50	36	CW05	Yes
152	4	MTA	1	115	1,428.63	60	7.50	36	CW06	Yes
153	4	MTA	1	115	395.44	60	7.50	36	CW07	Yes
154	3	MTA	1	115	400.74	60	7.50	36	CW07	Yes
155	2	MTA	1	115	338.62	60	7.50	36	CW07	Yes
156	3	MTA	1	115	102.14	60	7.50	36	CW07	Yes
157	0	MTA	1	115	4,519.63	60	7.50	36	CW07	Yes
158	0	MTA	1	115	396.88	60	7.50	36	CW07	Yes

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159	1	MTA	1	115	495.94	120	7.50	36	CW07	Yes
160	0	MTA	1	115	2,199.59	120	7.50	36	CW07	Yes
161	0	MTA	1	115	995.37	120	7.50	36	CW07	Yes
162	4	MTA	1	115	75.65	60	7.50	36	CW08	Yes
163	3	MTA	1	115	904.31	60	7.50	36	CW08	Yes
164	2	MTA	1	115	403.18	60	7.50	36	CW08	Yes
165	1	MTA	1	115	1,436.09	60	7.50	36	CW08	Yes
166	1	MTA	1	115	270.06	60	7.50	36	CW08	Yes
167	0	MTA	1	115	573.24	60	7.50	36	CW08	Yes
168	3	MTA	1	115	149.72	120	7.50	36	CW08	Yes
169	0	MTA	1	115	1,838.03	120	7.50	36	CW08	Yes
170	0	MTA	1	115	241.19	120	7.50	36	CW08	Yes
171	0	MTA	1	115	605.69	120	7.50	36	CW08	Yes
172	5	MTA	1	115	584.61	60	7.50	36	CW09	Yes
173	4	MTA	1	115	436.15	60	7.50	36	CW09	Yes
174	3	MTA	1	115	1,183.91	60	7.50	36	CW09	Yes
175	2	MTA	1	115	387.60	60	7.50	36	CW09	Yes
176	1	MTA	1	115	1,697.33	60	7.50	36	CW09	Yes
177	3	MTA	1	115	275.86	60	7.50	36	CW09	Yes
178	1	MTA	1	115	203.00	60	7.50	36	CW09	Yes
179	0	MTA	1	115	947.43	60	7.50	36	CW09	Yes
180	1	MTA	1	115	619.38	120	7.50	36	CW09	Yes
181	1	MTA	1	115	460.96	120	7.50	36	CW09	Yes
182	0	MTA	1	115	1,908.02	120	7.50	36	CW09	Yes
183	3	MTA	1	115	985.16	60	7.50	36	CW12	Yes
184	2	MTA	1	115	852.95	60	7.50	36	CW12	Yes
185	1	MTA	1	115	1,145.48	60	7.50	36	CW12	Yes
186	2	MTA	1	115	463.92	60	7.50	36	CW12	Yes
187	3	MTA	1	115	107.50	60	7.50	36	CW19	Yes
188	0	MTA	1	115	812.49	60	7.50	36	CW19	Yes
189	0	MTA	1	115	434.68	60	7.50	36	CW19	Yes
190	4	MTA	1	115	842.44	60	7.50	36	CW20	Yes
191	3	MTA	1	110	1,510.26	60	7.50	0	N/A	Yes
192	2	MTA	1	110	6,168.27	60	7.50	0	N/A	Yes
193	3	MTA	1	115	3,571.16	60	7.50	0	N/A	Yes
194	2	MTA	1	115	6,689.71	60	7.50	0	N/A	Yes
195	1	MTA	2	115	12,276.60	60	7.50	0	N/A	Yes
196	0	MTA	3	115	5,338.88	60	7.50	0	N/A	Yes
197	0	MTA	3	115	168.81	60	7.50	0	N/A	Yes
198	8	MTA	1	115	611.20	120	7.50	0	N/A	Yes

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199	4	MTA	1	115	698.94	120	7.50	0	N/A	Yes
200	2	MTA	1	115	1,808.68	120	7.50	0	N/A	Yes
201	1	MTA	2	115	3,508.00	120	7.50	0	N/A	Yes
202	0	MTA	3	115	9,818.63	120	7.50	0	N/A	Yes
203	0	MTA	3	115	2,503.13	120	7.50	0	N/A	Yes
204	4	MTA	1	110	2,331.05	60	7.50	12	CW01S	Yes
205	3	MTA	1	110	1,017.76	60	7.50	12	CW01S	Yes
206	2	MTA	1	110	1,632.88	60	7.50	12	CW01S	Yes
207	3	MTA	1	115	193.94	60	7.50	12	CW01	Yes
208	2	MTA	1	115	278.33	60	7.50	12	CW01	Yes
209	1	MTA	2	115	338.62	60	7.50	12	CW01	Yes
210	1	MTA	2	115	326.88	60	7.50	12	CW01	Yes
211	0	MTA	3	115	182.69	60	7.50	12	CW01	Yes
212	6	MTA	1	110	840.75	120	7.50	12	CW01	Yes
213	3	MTA	1	110	626.40	120	7.50	12	CW01	Yes
214	1	MTA	2	110	888.07	120	7.50	12	CW01	Yes
215	6	MTA	1	115	463.64	120	7.50	12	CW01	Yes
216	1	MTA	2	115	1,432.28	120	7.50	12	CW01	Yes
217	0	MTA	3	115	834.97	120	7.50	12	CW01	Yes
218	0	MTA	3	115	2,392.77	120	7.50	12	CW01	Yes
219	2	MTA	1	115	309.85	60	7.50	12	CW04	Yes
220	4	MTA	1	115	366.33	60	7.50	12	CW09	Yes
221	15	MTA	1	115	230.89	60	7.50	12	CW09	Yes
222	4	MTA	1	110	384.84	60	7.50	36	CW01S	Yes
223	3	MTA	1	110	599.41	60	7.50	36	CW01S	Yes
224	2	MTA	1	110	314.87	60	7.50	36	CW01S	Yes
225	20	MTA	1	110	386.08	60	7.50	36	CW01	Yes
226	7	MTA	1	115	114.91	60	7.50	36	CW01	Yes
227	6	MTA	1	115	988.58	60	7.50	36	CW01	Yes
228	3	MTA	1	115	149.42	60	7.50	36	CW01	Yes
229	2	MTA	1	115	596.82	60	7.50	36	CW01	Yes
230	3	MTA	1	115	532.61	60	7.50	36	CW01	Yes
231	1	MTA	2	115	1,649.98	60	7.50	36	CW01	Yes
232	1	MTA	2	115	408.61	60	7.50	36	CW01	Yes
233	0	MTA	3	115	590.71	60	7.50	36	CW01	Yes
234	0	MTA	3	115	252.99	60	7.50	36	CW01	Yes
235	3	MTA	1	115	121.19	120	7.50	36	CW01	Yes
236	0	MTA	3	115	1,772.16	120	7.50	36	CW01	Yes
237	0	MTA	3	115	639.29	120	7.50	36	CW01	Yes
238	0	MTA	3	115	707.47	120	7.50	36	CW01	Yes

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239	2	MTA	1	115	621.32	120	7.50	36	CW05	Yes
240	1	MTA	2	115	1,130.32	60	7.50	36	CW07	Yes
241	1	MTA	2	115	562.71	60	7.50	36	CW07	Yes
242	0	MTA	3	115	377.99	60	7.50	36	CW07	Yes
243	1	MTA	2	115	567.85	60	7.50	36	CW08	Yes
244	0	MTA	3	115	2,500.94	60	7.50	36	CW08	Yes
245	3	MTA	1	115	299.98	120	7.50	36	CW08	Yes
246	1	MTA	2	115	149.85	120	7.50	36	CW08	Yes
247	0	MTA	3	115	197.82	120	7.50	36	CW08	Yes
248	4	MTA	1	115	472.48	60	7.50	36	CW09	Yes
249	3	MTA	1	115	313.52	60	7.50	36	CW09	Yes
250	8	LIBOR	1	110	946.51	60	7.50	0	N/A	Yes
251	7	LIBOR	1	110	308.28	60	7.50	0	N/A	Yes
252	9	LIBOR	1	115	670.01	60	7.50	0	N/A	Yes
253	7	LIBOR	1	115	268.48	60	7.50	0	N/A	Yes
254	6	LIBOR	1	115	625.66	60	7.50	0	N/A	Yes
255	5	LIBOR	1	115	873.39	60	7.50	0	N/A	Yes
256	4	LIBOR	1	115	892.48	60	7.50	0	N/A	Yes
257	3	LIBOR	1	115	2,162.82	60	7.50	0	N/A	Yes
258	2	LIBOR	1	115	1,673.99	60	7.50	0	N/A	Yes
259	26	LIBOR	1	115	96.44	60	7.50	0	N/A	Yes
260	1	LIBOR	1	115	314.87	60	7.50	0	N/A	Yes
261	8	LIBOR	1	115	199.07	120	7.50	0	N/A	Yes
262	4	LIBOR	1	115	678.44	120	7.50	0	N/A	Yes
263	3	LIBOR	1	115	422.84	120	7.50	0	N/A	Yes
264	2	LIBOR	1	115	3,806.09	120	7.50	0	N/A	Yes
265	1	LIBOR	1	115	2,481.20	120	7.50	0	N/A	Yes
266	9	LIBOR	1	115	200.11	60	7.50	12	CW01	Yes
267	5	LIBOR	1	115	365.76	60	7.50	12	CW01	Yes
268	4	LIBOR	1	115	1,629.88	60	7.50	12	CW01	Yes
269	3	LIBOR	1	115	933.25	60	7.50	12	CW01	Yes
270	2	LIBOR	1	115	1,099.04	60	7.50	12	CW01	Yes
271	2	LIBOR	1	115	1,166.23	60	7.50	12	CW01	Yes
272	3	LIBOR	1	110	746.94	120	7.50	12	CW01	Yes
273	2	LIBOR	1	110	483.32	120	7.50	12	CW01	Yes
274	3	LIBOR	1	110	237.54	120	7.50	12	CW01	Yes
275	8	LIBOR	1	115	197.99	120	7.50	12	CW01	Yes
276	4	LIBOR	1	115	1,132.41	120	7.50	12	CW01	Yes
277	3	LIBOR	1	115	852.03	120	7.50	12	CW01	Yes
278	2	LIBOR	1	115	4,473.55	120	7.50	12	CW01	Yes

ID#	Age (Months)	Mortgage Index	Months to Next Rate Adjustment	Maximum Amount of Negative Amortization (%)	Original Monthly Scheduled Principal & Interest Payment (\$)	Months to Initial Recast	Payment Cap (%)	Original Prepayment Charge Period (Months)	Prepayment Type (1)	Prefunding (2)
279	1	LIBOR	1	115	1,261.83	120	7.50	12	CW01	Yes
280	4	LIBOR	1	115	245.43	120	7.50	12	CW01	Yes
281	3	LIBOR	1	115	305.14	120	7.50	12	CW01	Yes
282	2	LIBOR	1	115	382.71	120	7.50	12	CW01	Yes
283	1	LIBOR	1	115	204.65	120	7.50	12	CW01	Yes
284	1	LIBOR	1	115	398.14	120	7.50	12	CW04	Yes
285	3	LIBOR	1	115	515.93	120	7.50	12	CW07	Yes
286	3	LIBOR	1	115	287.31	120	7.50	12	CW08	Yes
287	2	LIBOR	1	115	280.22	60	7.50	12	CW09	Yes
288	4	LIBOR	1	115	790.88	120	7.50	12	CW09	Yes
289	2	LIBOR	1	110	328.65	60	7.50	12	CW12	Yes
290	10	LIBOR	1	115	949.70	60	7.50	36	CW01	Yes
291	9	LIBOR	1	115	497.12	60	7.50	36	CW01	Yes
292	8	LIBOR	1	115	774.68	60	7.50	36	CW01	Yes
293	6	LIBOR	1	115	391.32	60	7.50	36	CW01	Yes
294	5	LIBOR	1	115	398.15	60	7.50	36	CW01	Yes
295	3	LIBOR	1	115	1,906.46	60	7.50	36	CW01	Yes
296	2	LIBOR	1	115	2,240.94	60	7.50	36	CW01	Yes
297	4	LIBOR	1	115	446.39	60	7.50	36	CW01	Yes
298	3	LIBOR	1	115	669.20	60	7.50	36	CW01	Yes
299	0	LIBOR	1	115	227.41	60	7.50	36	CW01	Yes
300	5	LIBOR	1	115	157.44	120	7.50	36	CW01	Yes
301	4	LIBOR	1	115	206.07	120	7.50	36	CW01	Yes
302	3	LIBOR	1	115	536.95	120	7.50	36	CW01	Yes
303	2	LIBOR	1	115	1,789.59	120	7.50	36	CW01	Yes
304	1	LIBOR	1	115	928.85	120	7.50	36	CW01	Yes
305	5	LIBOR	1	115	359.27	120	7.50	36	CW01	Yes
306	3	LIBOR	1	115	575.29	120	7.50	36	CW01	Yes
307	8	LIBOR	1	115	165.08	120	7.50	36	CW05	Yes
308	2	LIBOR	1	115	157.30	120	7.50	36	CW05	Yes
309	9	LIBOR	1	115	155.84	60	7.50	36	CW08	Yes
310	3	LIBOR	1	115	172.21	60	7.50	36	CW08	Yes
311	2	LIBOR	1	115	160.53	60	7.50	36	CW08	Yes
312	4	LIBOR	1	115	74.18	120	7.50	36	CW08	Yes
313	3	LIBOR	1	115	130.61	120	7.50	36	CW08	Yes
314	3	LIBOR	1	115	362.09	120	7.50	36	CW09	Yes
315	4	LIBOR	1	110	262.06	60	7.50	0	N/A	Yes
316	5	LIBOR	1	110	389.08	60	7.50	12	CW01S	Yes
317	3	LIBOR	1	110	590.30	60	7.50	12	CW01S	Yes
318	10	LIBOR	1	115	239.66	60	7.50	12	CW01	Yes

ID#	Age (Months)	Mortgage Index	Months to Next Rate Adjustment	Maximum Amount of Negative Amortization (%)	Original Monthly Scheduled Principal & Interest Payment (\$)	Months to Initial Recast	Payment Cap (%)	Original Prepayment Charge Period (Months)	Prepayment Type (1)	Prefunding (2)
319	3	LIBOR	1	115	809.88	120	7.50	12	CW01	Yes
320	5	LIBOR	1	115	479.15	60	7.50	36	CW01	Yes
321	3	LIBOR	1	115	500.65	60	7.50	36	CW01	Yes
322	2	LIBOR	1	115	647.74	60	7.50	36	CW01	Yes
323	3	LIBOR	1	115	140.58	120	7.50	36	CW01	Yes
324	5	LIBOR	1	115	239.68	120	7.50	36	CW01	Yes
325	4	LIBOR	1	115	288.70	120	7.50	36	CW01	Yes
326	3	LIBOR	1	115	638.82	120	7.50	36	CW01	Yes
327	2	LIBOR	1	115	1,407.84	120	7.50	36	CW01	Yes
328	1	LIBOR	2	115	360.52	120	7.50	36	CW01	Yes
329	4	LIBOR	1	115	387.63	120	7.50	36	CW08	Yes
330	4	LIBOR	1	115	77.11	120	7.50	36	CW08	Yes
331	5	LIBOR	1	115	225.01	60	7.50	36	CW09	Yes
332	4	COFI	1	115	265.39	120	7.50	6	CW01	Yes
333	4	COFI	1	115	1,376.13	120	7.50	12	CW01	Yes
334	3	COFI	1	115	446.24	120	7.50	12	CW01	Yes
335	2	COFI	1	115	651.88	120	7.50	12	CW01	Yes
336	1	COFI	1	115	725.05	120	7.50	12	CW01	Yes
337	5	COFI	1	115	726.31	120	7.50	12	CW01	Yes
338	4	COFI	1	115	771.99	120	7.50	12	CW01	Yes
339	1	COFI	1	115	186.37	120	7.50	12	CW01	Yes
340	2	COFI	1	115	458.05	120	7.50	12	CW04	Yes
341	4	COFI	1	115	1,229.50	120	7.50	36	CW01	Yes
342	1	COFI	1	115	293.73	120	7.50	36	CW01	Yes
343	4	COFI	1	115	295.94	120	7.50	36	CW01	Yes
344	2	COFI	1	115	199.63	120	7.50	36	CW09	Yes
345	4	MTA	1	115	2,937.80	60	7.50	36	CW01	Yes
346	3	MTA	1	115	463.14	60	7.50	36	CW01	Yes

(1) Codes for Prepayment Type

<u>Type</u>	<u>Description</u>
CW01	6 months interest on 80% of the prepaid principal balance
CW01S	6 months interest on 80% of the prepaid principal balance, where actual prepayments for prepayment charge calculations are reduced by 8% CPR (the result to be no less than zero)
CW01H12	6 months interest on 80% of the prepaid principal balance for the 12 months after origination of the mortgage loan, and after that period of time, the actual prepayments for prepayment charge calculations are reduced by 8% CPR (the result to be no less than zero)
CW04	3 months interest on 100% of the prepaid principal balance
CW05	2 months interest on 100% of the prepaid principal balance
CW06	2 months interest on 80% of the prepaid principal balance
CW07	2 months interest on 66% of the prepaid principal balance
CW08	1% of the prepaid principal balance
CW09	2% of the prepaid principal balance
CW12	5% of the prepaid principal balance
CW19	1% of 80% of the prepaid principal balance
CW20	2% of 80% of the prepaid principal balance

(2) This Mortgage Loan does not have an initial payment date until after the Due Date in the month of the first Distribution Date. The structuring assumptions assume that Countrywide Home Loans will deposit an amount equal to one month's net interest on this Mortgage Loan at its current net mortgage rate into the Distribution Account prior to the first Distribution Date.

- the Mortgage Loans prepay at the specified percentages of PPC,
- no defaults or delinquencies in the payment by borrowers of principal of and interest on the Mortgage Loans are experienced,
- scheduled payments on the Mortgage Loans are received on the first day of each month commencing in the calendar month following the closing date and are computed before giving effect to prepayments received on the last day of the prior month,
- the scheduled monthly payment for each Mortgage Loan (1) prior to its next payment adjustment date, is the original monthly scheduled principal and interest payment for such Mortgage Loan and (2) on each payment adjustment date, is calculated based on its principal balance, mortgage rate and remaining amortization term as indicated in the tables above so that such Mortgage Loan will amortize in amounts sufficient to repay the remaining principal balance of such Mortgage Loan by its remaining amortization term, except that (a) the amount of the monthly payment (with the exception of the fifth or tenth payment adjustment date, as applicable, and each fifth payment adjustment date thereafter and the final payment adjustment date) will not increase or decrease by an amount that is more than 7.50% of the monthly payment prior to the adjustment, (b) as of the fifth or tenth payment adjustment date, as applicable, and on the same date every fifth year thereafter and on the last payment adjustment date, the monthly payment will be recast without regard to the limitation in clause (a) above and (c) if the unpaid principal balance exceeds 110% or 115%, as applicable, of the original principal balance due to Deferred Interest, the monthly payment will be recast without regard to the limitation in clause (a) to amortize fully the then unpaid principal balance of the Negative Amortization Loan over its remaining amortization term,
- prepayments are allocated as described in this prospectus supplement without giving effect to loss and delinquency tests,
- there are no Net Interest Shortfalls and prepayments represent prepayments in full of individual Mortgage Loans and are received on the last day of each Prepayment Period, commencing with the Prepayment Period beginning in the calendar month of the closing date,
- the initial Class Certificate Balance or initial Notional Amount, as applicable, of each class of certificates is as set forth on the cover page of this prospectus supplement,
- interest accrues on each class of certificates at the applicable interest rate as described in this prospectus supplement and the Expense Fee Rate accrues on each Mortgage Loan as described in this prospectus supplement,
- distributions in respect of the certificates are received in cash on the 20th day of each month commencing in the calendar month following the closing date,
- the closing date of the sale of the certificates is November 30, 2006,
- no seller is required to repurchase or substitute for any Mortgage Loan,
- unless otherwise noted, the master servicer does not exercise the option to repurchase the Mortgage Loans described under “*Servicing of Mortgage Loans—Certain Modifications and Refinancings*,” “*—Optional Purchase of Defaulted Loans*” and “*—Optional Termination*” in this prospectus supplement,
- no class of certificates becomes a Restricted Class,
- the level of One-Month LIBOR remains constant at 5.320%, the level of Eleventh District COFI remains constant at 4.382% and the level of One-Year MTA remains constant at 4.827%,

- the Mortgage Rate on each Mortgage Loan will be adjusted on each interest adjustment date (as necessary) to a rate equal to the applicable Mortgage Index (as described above), plus the Gross Margin, subject to Maximum Mortgage Rates and Minimum Mortgage Rates (as applicable). The Mortgage Rate will adjust monthly after the initial introductory period, and
- all of the Initial Mortgage Loans are included in the issuing entity on the closing date and the Supplemental Mortgage Loans are included in the issuing entity beginning on December 2, 2006.

Prepayments on mortgage loans are commonly measured relative to a prepayment model or standard. The prepayment model used in this prospectus supplement ("**Prepayment Model**") is based on an assumed rate of prepayment each month of the then unpaid principal balance of a pool of mortgage loans similar to the Mortgage Loans.

The Prepayment Model used in this prospectus supplement ("**PPC**") represents an assumed rate of prepayment each month relative to the then outstanding principal balance of a pool of mortgage loans. 100% PPC assumes a constant prepayment rate ("**CPR**") for the applicable monthly period as indicated in the table below, provided, however, the prepayment rate will not exceed 95% CPR in any period for any given percentage of PPC:

Deal Month	CPR (%)	Deal Month	CPR (%)
1	7.87	21	31.68
2	9.81	22	31.37
3	11.61	23	31.64
4	13.31	24	31.70
5	14.71	25	31.14
6	16.22	26	29.54
7	18.06	27	28.14
8	21.73	28	28.10
9	25.39	29	28.01
10	29.62	30	27.99
11	34.61	31	28.35
12	41.61	32	29.26
13	40.47	33	31.77
14	38.44	34	33.68
15	34.69	35	39.87
16	34.13	36	44.61
17	33.55	37	43.97
18	32.97	38	41.93
19	32.41	39	40.01
20	31.94	40+	40.00

We cannot assure you, however, that prepayments on the Mortgage Loans will conform to any level of PPC, and no representation is made that the Mortgage Loans will prepay at the prepayment rates shown or any other prepayment rate. The rate of principal payments on mortgage loans is influenced by a variety of economic, geographic, social and other factors, including the level of interest rates. Other factors affecting prepayment of mortgage loans include changes in obligors' housing needs, job transfers and unemployment. In the case of mortgage loans in general, if prevailing interest rates fall significantly below the interest rates on the mortgage loans, the mortgage loans are likely to be subject to higher prepayment rates than if prevailing interest rates remain at or above the rates borne by the mortgage loans. Conversely, if prevailing interest rates rise above the interest on the mortgage loans, the rate of prepayment would be expected to decrease.

Optional Purchase of Defaulted Loans and Certain Delinquent Loans

The master servicer may, at its option but subject to the conditions set forth in the pooling and servicing agreement, purchase from the issuing entity any Mortgage Loan which is delinquent in payment by 151 days or more. In addition, if a Mortgage Loan becomes subject to a repurchase obligation of an unaffiliated seller to Countrywide

Home Loans due to a delinquency on a scheduled payment due on or prior to the first scheduled payment owing to the issuing entity, the master servicer will have the option to purchase that Mortgage Loan until the 270th day following the date on which that Mortgage Loan becomes subject to that repurchase obligation. Any purchase pursuant to the provisions described above will be at a price equal to 100% of the Stated Principal Balance of the Mortgage Loan plus accrued interest at the applicable Mortgage Rate from the date through which interest was last paid by the related borrower or advanced (and not reimbursed) to the first day of the month in which the amount is to be distributed.

Optional Termination

The master servicer will have the right to purchase all remaining Mortgage Loans and mortgaged property that the master servicer or its designee has acquired through foreclosure or deed-in-lieu of foreclosure in connection with a defaulted mortgage loan ("**REO Property**") in the issuing entity and thereby effect early retirement of all the certificates, on any Distribution Date on or after the first Distribution Date on which the aggregate Stated Principal Balance of the Mortgage Loans and REO Properties in the issuing entity is less than or equal to 5% of the sum of (i) the aggregate Stated Principal Balance of the Closing Date Mortgage Loans as of the cut-off date and (ii) the amount deposited in the Pre-funding Account on the closing date (the "**Optional Termination Date**"); *provided that* either (a) any such purchase will not result in a draw upon the Class A-3A Policy, or (b) the master servicer obtains the consent of the Class A-3A Insurer. The master servicer is an affiliate of the sellers and the depositor.

In the event the option is exercised by the master servicer, the purchase will be made at a price equal to the sum of:

- 100% of the Stated Principal Balance of each Mortgage Loan in the issuing entity (other than in respect of REO Property) plus accrued interest thereon at the applicable Net Mortgage Rate, and
- the appraised value of any REO Property (up to the Stated Principal Balance of the related Mortgage Loan) in the issuing entity.

Notice of any termination, specifying the Distribution Date on which related certificateholders may surrender their certificates for payment of the final distribution and cancellation, will be given promptly by the trustee by letter to related certificateholders mailed not earlier than the 10th day and no later than the 15th day of the month immediately preceding the month of the final distribution. The notice will specify (1) the Distribution Date upon which final distribution on related certificates will be made upon presentation and surrender of the certificates at the office therein designated, (2) the amount of the final distribution, (3) the location of the office or agency at which the presentation and surrender must be made, and (4) that the Record Date otherwise applicable to the Distribution Date is not applicable, distributions being made only upon presentation and surrender of the certificates at the office therein specified.

In the event a notice of termination is given, the master servicer will cause all funds in the Certificate Account to be remitted to the trustee for deposit in the Distribution Account on the Business Day prior to the applicable Distribution Date in an amount equal to the final distribution in respect of the certificates. At or prior to the time of making the final payment on the certificates, the master servicer as agent of the trustee will sell all of the assets of the issuing entity to the master servicer for cash. Proceeds from a purchase will be distributed to the certificateholders in the priority described above under "*Distributions*" and will reflect the current Class Certificate Balance and other entitlements of each class at the time of liquidation.

The proceeds from any sale in connection the exercise of the option may not be sufficient to distribute the full amount to which each class of certificates is entitled if the purchase price is based in part on the appraised value of any REO Property and that appraised value is less than the Stated Principal Balance of the related Mortgage Loan. Any purchase of the Mortgage Loans and REO Properties will result in an early retirement of the certificates. At the time of the making of the final payment on the certificates, the trustee shall distribute or credit, or cause to be distributed or credited, to the holder of the Class A-R Certificates all cash on hand related to the Class A-R Certificates, and the issuing entity will terminate at that time. Once the issuing entity has been terminated, certificateholders will not be entitled to receive any amounts that are recovered subsequent to the termination.

Any Carryover Shortfall Amounts remaining unpaid when the certificates are retired will be extinguished.

Events of Default; Remedies

In addition to the Events of Default described in the prospectus, an Event of Default will consist of the failure by the master servicer to reimburse, in full, the trustee not later than 6:00 p.m., New York City time, on the Business Day following the related Distribution Date for any Advance made by the trustee together with accrued and unpaid interest. If the master servicer fails to make the required reimbursement, so long as the Event of Default has not been remedied, the trustee, but not the certificateholders, may terminate the master servicer, and the trustee may do so without the consent of the certificateholders. Additionally, if the master servicer fails to provide certain information or perform certain duties related to the depositor's reporting obligations under the Securities Exchange Act of 1934, as amended (the "*Exchange Act*") with respect to the issuing entity, the depositor may, without the consent of any of the certificateholders, terminate the master servicer.

Certain Matters Regarding the Master Servicer, the Depositor and the Sellers

The prospectus describes the indemnification to which the master servicer and the depositor (and their respective directors, officers, employees and agents) are entitled and also describes the limitations on any liability of the master servicer and the depositor (and their respective directors, officers, employees and agents) to the issuing entity. See "*The Agreements—Certain Matters Regarding the Master Servicer and the Depositor*" in the prospectus. The pooling and servicing agreement provides that these same provisions regarding indemnification and exculpation apply to each seller.

The Trustee

The Bank of New York will be the trustee under the pooling and servicing agreement. The Bank of New York has been, and currently is, serving as indenture trustee and trustee for numerous securitization transactions and programs involving pools of residential mortgages. The depositor, Countrywide Home Loans and any unaffiliated seller have, and may in the future maintain other banking relationships in the ordinary course of business with the trustee. The offered certificates may be surrendered at the corporate trust office of the trustee located at 101 Barclay Street, 4 West, New York, New York 10286, Attention: Corporate Trust Administration or another address that the trustee may designate from time to time.

The trustee will be liable for its own negligent action, its own negligent failure to act or its own willful misconduct. However, the trustee will not be liable, individually or as trustee,

- for an error of judgment made in good faith by a responsible officer of the trustee, unless the trustee was negligent in ascertaining the pertinent facts,
- with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of the holders of certificates evidencing not less than 25% of the Voting Rights of the certificates 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 the pooling and servicing agreement,
- for any action taken, suffered or omitted by it under the pooling and servicing agreement in good faith and in accordance with an opinion of counsel or believed by the trustee to be authorized or within the discretion or rights or powers that it has under the pooling and servicing agreement, or
- for any loss on any investment of funds pursuant to the pooling and servicing agreement (other than as issuer of the investment security).

The trustee is also entitled to rely without further investigation 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.

The trustee and any successor trustee will, at all times, be a corporation or association organized and doing business under the laws of a state or the United States of America, authorized under the laws of the United States of America to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000, subject to supervision or examination by a federal or state authority and with a credit rating that would not cause any of the Rating Agencies to reduce or withdraw their respective then-current ratings of any class of certificates (or having provided security from time to time as is sufficient to avoid the reduction). If the trustee no longer meets the foregoing requirements, the trustee has agreed to resign immediately.

The trustee may at any time resign by giving written notice of resignation to the depositor, the master servicer, each Rating Agency and the certificateholders, not less than 60 days before the specified resignation date. The resignation shall not be effective until a successor trustee has been appointed. If a successor trustee has not been appointed within 30 days after the trustee gives notice of resignation, the resigning trustee may petition any court of competent jurisdiction for the appointment of a successor trustee.

The depositor or the master servicer may remove the trustee and appoint a successor trustee if:

- the trustee ceases to meet the eligibility requirements described above and fails to resign after written request to do so is delivered to the trustee by the depositor,
- the trustee becomes incapable of acting, or is adjudged as bankrupt or insolvent, or a receiver of the trustee or of its property is appointed, or any public officer takes charge or control of the trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, or
- a tax is imposed with respect to the issuing entity by any state in which the trustee or the issuing entity is located and the imposition of the tax would be avoided by the appointment of a different trustee.

If the trustee fails to provide certain information or perform certain duties related to the depositor's reporting obligations under the Exchange Act with respect to the issuing entity, the depositor may terminate the trustee without the consent of any of the certificateholders. In addition, the holders of certificates evidencing at least 51% of the Voting Rights of the certificates may at any time remove the trustee and appoint a successor trustee. Notice of any removal of the trustee shall be given by the successor trustee to each Rating Agency.

Any resignation or removal of the trustee and appointment of a successor trustee pursuant to any of the provisions described above will become effective upon acceptance of appointment by the successor trustee.

A successor trustee will not be appointed unless the successor trustee meets the eligibility requirements described above and its appointment does not adversely affect the then-current ratings of the certificates.

Voting Rights

As of any date of determination:

- the Class X-P Certificates will be allocated 1% of all voting rights in respect of the certificates (collectively, the "*Voting Rights*"), and
- the other classes of certificates will be allocated the remaining Voting Rights in proportion to their respective outstanding Class Certificate Balances.

Voting Rights will be allocated among the certificates of each class pro rata based on the certificate balances of the certificates of that class. However, on any date on which any Class A-3A Certificates are outstanding or any amounts are owed to the Class A-3A Insurer under the pooling and servicing agreement, the Class A-3A Insurer will have all of the Voting Rights of the Class A-3A Certificates unless the Class A-3A Insurer defaults on its obligations under the Class A-3A Policy.

Restrictions on Transfer of the Class A-R Certificates

The Class A-R Certificates will be subject to the restrictions on transfer described in the prospectus under “*Material Federal Income Tax Consequences—Taxation of Holders of Residual Interests—Restrictions on Ownership and Transfer of Residual Interests*,” “*Noneconomic Residual Interests*” and “*Material Federal Income Tax Consequences—Tax Treatment of Foreign Investors*.” The Class A-R Certificates (in addition to other ERISA restricted classes of certificates, as described in the pooling and servicing agreement) may not be acquired by a Plan. See “*ERISA Considerations*” in this prospectus supplement. The Class A-R Certificates will contain a legend describing the foregoing restrictions.

Ownership of the Residual Certificates

The trustee initially will be designated as “tax matters person” under the pooling and servicing agreement and in that capacity will hold a Class A-R Certificate in the amount of \$0.01. As the tax matters person, the trustee will be the primary representative of the issuing entity with respect to any tax administrative or judicial matter. As trustee, the trustee will be responsible for making a REMIC election with respect to each REMIC created under the pooling and servicing agreement and for preparing and filing tax returns with respect to each REMIC.

Restrictions on Investment, Suitability Requirements

An investment in the certificates may not be appropriate for all investors due to tax, ERISA or other legal requirements. Investors should review the disclosure included in this prospectus supplement and the prospectus under “*Material Federal Income Tax Consequences*,” “*ERISA Considerations*” and “*Legal Matters*” prior to any acquisition and are encouraged to consult with their advisors prior to purchasing the certificates.

Yield, Prepayment and Maturity Considerations

General

Delinquencies on the Mortgage Loans which are not advanced by or on behalf of the master servicer (because amounts, if advanced, would be nonrecoverable), will adversely affect the yield on the certificates. Because of the priority of distributions, shortfalls resulting from delinquencies on the Mortgage Loans not so advanced will be borne first by the subordinated certificates, in the reverse order of their priority of distribution, and then by the senior certificates pro rata. If, as a result of the shortfalls, the aggregate Class Certificate Balance of all classes of certificates exceeds the sum of the pool principal balance and the amount on deposit in the Pre-Funding Account, the Class Certificate Balance of the class of subordinated certificates then outstanding with the lowest priority of distribution will be reduced by the amount of the excess.

Net Interest Shortfalls will adversely affect the yields on the related classes of offered certificates. All losses on the Mortgage Loans will first be borne by the subordinated certificates, in the reverse order of their priority of distribution. As a result, the yields on the offered certificates will depend on the rate and timing of Realized Losses.

Notwithstanding the foregoing, any Realized Loss on the Mortgage Loans allocable to the Class A-3A Certificates will be covered by the Class A-3A Policy. See “*Description of the Certificates—Allocation of Losses*” and “*Credit Enhancement—The Certificate Guaranty Insurance Policy*” in this prospectus supplement.

For purposes of allocating losses and other shortfalls to the subordinated certificates, the Class M Certificates have a higher priority of distribution than the Class B Certificates. Within the Class M and Class B Certificates, the priorities of distribution are in numerical order.

Prepayment Considerations and Risks

The rate of principal payments on the offered certificates, the aggregate amount of distributions on the offered certificates and the yield to maturity of the offered certificates will be related to the rate and timing of payments of principal on the Mortgage Loans. The rate of principal payments on the Mortgage Loans will in turn be affected by the amortization schedules of the Mortgage Loans and by the rate of principal prepayments, including for this purpose prepayments resulting from refinancing, liquidations of the Mortgage Loans due to defaults, casualties, condemnations and repurchases by the sellers or the master servicer. In addition, because most of the Mortgage Loans contain prepayment charges, the rate of principal prepayments may be less than the rate of principal payments for Mortgage Loans that did not have prepayment charges. The holders of the Class X-P Certificates will be entitled to all prepayment charges received on the Mortgage Loans, and those amounts will not be available for distribution on the other classes of certificates. Under certain circumstances, as described in the pooling and servicing agreement, the master servicer may waive the payment of any otherwise applicable prepayment charge. Investors should conduct their own analysis of the effect, if any, that the prepayment charges, and decisions by the master servicer with respect to the waiver thereof, may have on the prepayment performance of the Mortgage Loans. The Mortgage Loans are also subject to the "due on sale" provisions included therein.

The negative amortization feature of the Mortgage Loans may affect the yields on the certificates. As a result of the negative amortization of the Mortgage Loans, the outstanding principal balance of a Mortgage Loan will increase by the amount of Deferred Interest as described in this prospectus supplement under "*The Mortgage Pool—General*." During periods in which the outstanding principal balance of a Mortgage Loan is increasing due to the addition of Deferred Interest thereto, such increasing principal balance of that Mortgage Loan may approach or exceed the value of the related mortgaged property, thus increasing the likelihood of defaults as well as the amount of any loss experienced with respect to any such Mortgage Loan that is required to be liquidated. Furthermore, each Mortgage Loan provides for the payment of any remaining unamortized principal balance of such Mortgage Loan (due to the addition of Deferred Interest, if any, to the principal balance of such Mortgage Loan) in a single payment at the maturity of the Mortgage Loan. Because the borrowers may be required to make a larger single payment upon maturity, it is possible that the default risk associated with the Mortgage Loans is greater than that associated with fully amortizing mortgage loans.

In addition, because the mortgage rates on the Mortgage Loans adjust at a different time than the monthly payments thereon, the amount of a monthly payment may be more or less than the amount necessary to fully amortize the principal balance of the Mortgage Loans over its then remaining term at the applicable mortgage rate. Accordingly, the Mortgage Loans may be subject to reduced amortization (if the monthly payment due on a Due Date is sufficient to pay interest accrued during the related interest accrual period at the applicable mortgage rate but is not sufficient to reduce principal in accordance with a fully amortizing schedule); or accelerated amortization (if the monthly payment due on a Due Date is greater than the amount necessary to pay interest accrued during the related interest accrual period at the applicable mortgage rate and to reduce principal in accordance with a fully amortizing schedule). In the event of negative amortization, Deferred Interest is added to the principal balance of such Mortgage Loan and, if such Deferred Interest is not offset by subsequent accelerated amortization, it may result in a final lump sum payment at maturity greater than, and potentially substantially greater than, the monthly payment due on the immediately preceding Due Date.

Prepayments, liquidations and purchases of the Mortgage Loans will result in distributions on the certificates of principal amounts which would otherwise be distributed over the remaining terms of these Mortgage Loans. This includes any optional purchase by the master servicer of a defaulted Mortgage Loan, the purchase by the master servicer or Countrywide Home Loans of a modified mortgage loan and any optional purchase of the remaining Mortgage Loans in connection with the termination of the issuing entity, in each case as described in this prospectus supplement. Since the rate of payment of principal of the Mortgage Loans will depend on future events and a variety of factors, no assurance can be given as to the rate of payment of principal of the Mortgage Loans or the rate of principal prepayments. The extent to which the yield to maturity of a class of certificates may vary from the anticipated yield will depend upon the degree to which the certificate is purchased at a discount or premium, and the degree to which the timing of payments thereon is sensitive to prepayments, liquidations and purchases of the Mortgage Loans. Further, an investor should consider the risk that, in the case of any certificate purchased at a discount, a slower than anticipated rate of principal payments (including prepayments) on the Mortgage Loans could result in an actual yield to the investor that is lower than the anticipated yield and, in the case of the Class X-P

Certificates or any certificate purchased at a premium, a faster than anticipated rate of principal payments on the Mortgage Loans could result in an actual yield to the investor that is lower than the anticipated yield. Investors in the Class X-P Certificates should carefully consider the risk that a rapid rate of principal payments on the Mortgage Loans could result in the failure of the investors to recover their initial investments.

The rate of principal payments (including prepayments) on pools of mortgage loans may vary significantly over time and may be influenced by a variety of economic, geographic, social and other factors, including changes in borrowers' housing needs, job transfers, unemployment, borrowers' net equity in the mortgaged properties, servicing decisions, as well as the characteristics of the Mortgage Loans included in the mortgage pool as described under "*The Mortgage Pool—General*" and "*—Underwriting Process*" in this prospectus supplement. In general, if prevailing interest rates were to fall significantly below the Mortgage Rates on the Mortgage Loans, the Mortgage Loans could be subject to higher prepayment rates than if prevailing interest rates were to remain at or above the Mortgage Rates on the Mortgage Loans. Conversely, if prevailing interest rates were to rise significantly, the rate of prepayments on the Mortgage Loans would generally be expected to decrease. No assurances can be given as to the rate of prepayments on the Mortgage Loans in stable or changing interest rate environments. Furthermore, with respect to up to 50% of the Closing Date Mortgage Loans and up to 90% of the Supplemental Mortgage Loans, the depositor may deliver all or a portion of each related mortgage file to the trustee after the closing date or the related Supplemental Transfer Date, as applicable. Should Countrywide Home Loans or any other seller fail to deliver all or a portion of any mortgage files to the depositor or other designee of the depositor or, at the depositor's direction, to the trustee, within that period, Countrywide Home Loans will be required to use its best efforts to deliver a replacement mortgage loan for the related delayed delivery Mortgage Loan or repurchase the related delayed delivery Mortgage Loan. Any repurchases pursuant to this provision would also have the effect of accelerating the rate of prepayments on the Mortgage Loans.

The Mortgage Loans are adjustable rate mortgage loans. Adjustable rate mortgage loans may be subject to a greater rate of principal prepayments in a declining interest rate environment. For example, if prevailing interest rates fall significantly, adjustable rate mortgage loans could be subject to higher prepayment rates than if prevailing interest rates remain constant because the availability of fixed rate mortgage loans at lower interest rates may encourage borrowers to refinance their adjustable rate mortgage loans to a lower fixed interest rate. No assurance can be given as to the level of prepayment that the Mortgage Loans will experience.

The rate of prepayment may affect the pass-through rates on the certificates. Prepayments of Mortgage Loans with Adjusted Net Mortgage Rates in excess of the then-current Weighted Average Adjusted Net Mortgage Rate may limit the pass-through rates on the certificates. Mortgage Loans with higher Mortgage Rates may prepay at faster rates than Mortgage Loans with relatively lower Mortgage Rates in response to a given change in market interest rates. Any such disproportionate rate of prepayments may adversely affect the pass-through rates on the certificates.

The rate and timing of principal prepayments relative to creation of Deferred Interest on the Mortgage Loans will also affect the yields to maturity on the certificates. To the extent that there is Net Deferred Interest, it will be allocated to the certificates on the related Distribution Date. Any allocation of Net Deferred Interest to a class of certificates or IO Component will reduce the amount of interest distributable on that class or component. Although interest will thereafter accrue on the Net Deferred Interest so allocated, the increase in the related Class Certificate Balance (or the related Component Principal Balance, in the case of the PO Components) may increase the weighted average life of the applicable class of certificates. Any increase in the weighted average life of the applicable class of certificates may increase the risk that Realized Losses will be allocated to those classes of certificates. We cannot assure you as to the rate, timing or amount of the allocation of Net Deferred Interest to any class of certificates or as to the resulting effect on the yield to maturity or the weighted average life of any class of certificates. The amount of the Deferred Interest on the Mortgage Loans is offset by using a portion of the Principal Prepayment Amount to make distributions of current interest on the certificates. On any Distribution Date, to the extent that the aggregate Deferred Interest on the Mortgage Loans as of the related Due Date exceeds the Principal Prepayment Amount as of the end of the related Prepayment Period, such excess amounts will be deducted from the interest payable on the certificates and thereby cause a delay in the payment of accrued interest on the certificates.

As described in this prospectus supplement under "*Description of the Certificates—Principal*," the Senior Prepayment Percentage of the Net Principal Prepayment Amount for the Mortgage Loans will be initially distributed to the senior certificates then entitled to receive the Principal Amount. This may result in all (or a disproportionate

percentage) of the Net Principal Prepayment Amount being distributed to holders of the senior certificates and none (or less than their pro rata share) of the Net Principal Prepayment Amount being distributed to holders of the subordinated certificates during the periods of time described in the definition of Senior Prepayment Percentage.

The timing of changes in the rate of prepayments on the Mortgage Loans may significantly affect an investor's actual yield to maturity, even if the average rate of principal payments is consistent with an investor's expectation. In general, the earlier a prepayment of principal on the Mortgage Loans, the greater the effect on an investor's yield to maturity. The effect on an investor's yield as a result of principal payments occurring at a rate higher (or lower) than the rate anticipated by the investor during the period immediately following the issuance of the offered certificates may not be offset by a subsequent like decrease (or increase) in the rate of principal payments.

The table in this "Yield, Prepayment and Maturity Considerations" section indicates the sensitivity of the pre-tax corporate bond equivalent yield of the Class X-P Certificates to various constant percentages of PPC and to various rates of collection of prepayment charges. The yields set forth in the table were calculated by determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the Class X-P Certificates, would cause the discounted present value of the assumed streams of cash flows to equal the assumed aggregate purchase price of the Class X-P Certificates and converting the monthly rates to corporate bond equivalent rates. Those calculations do not take into account variations that may occur in the interest rates at which investors may be able to reinvest funds received by them as distributions on the Class X-P Certificates and consequently do not purport to reflect the return on any investment in the Class X-P Certificates when the reinvestment rates are considered.

Mandatory Prepayment

In the event that at the end of the Funding Period there are amounts on deposit in the Pre-funding Account, the holders of the senior certificates will receive an additional distribution allocable to principal in an amount equal to that amount on deposit in the Pre-funding Account at that time.

Sensitivity of the Class X-P Certificates

The yield to investors in the Class X-P Certificates will be sensitive to the rate of principal payments (including prepayments) of the Mortgage Loans and the collection rates of prepayment charges on the Mortgage Loans. On the basis of the assumptions described in the paragraph below, the yield to maturity on the Class X-P Certificates would be approximately 0% if prepayments of the Mortgage Loans were to occur at a constant rate of approximately 132.50% of PPC and the collection rate of prepayment charges on the Mortgage Loans is 100%. If the actual prepayment rate of the Mortgage Loans was to exceed the foregoing levels for as little as one month while equaling the levels for the remaining months, the investors in the Class X-P Certificates would not fully recoup their initial investments.

The information set forth in the following table has been prepared on the basis of the structuring assumptions except that the table also assumes that the master servicer exercises its optional termination right on the first possible Optional Termination Date, that 100% of the prepayment charges are collected, and that the purchase price of the Class X-P Certificates (expressed as a percentage of the initial Notional Amount of the Class X-P Certificates) is 5.50%. That price does not include accrued interest. Accrued interest, if any, has been added to such price in calculating the yields in the following table.

**Sensitivity of the Class X-P Certificates to Prepayments
(Pre-Tax Yield To Optional Termination Date)**

Percentage of PPC				
50%	80%	100%	120%	150%
27.2%	17.5%	10.9%	4.2%	(5.6)%

It is unlikely that the Mortgage Loans will have the precise characteristics described in this prospectus supplement, that all of the Mortgage Loans will prepay at the same rate until maturity, that all of the Mortgage Loans will prepay at the same rate or time or that 100% of the prepayment charges will be collected. As a result of these

factors, the pre-tax yield on the Class X-P Certificates is likely to differ from that shown in the table above, even if all of the Mortgage Loans prepay at the indicated percentages of PPC. No representation is made as to the actual rate of principal payments on the Mortgage Loans or collection rates of prepayment charges for any period or over the life of the Class X-P Certificates or as to the yield on the Class X-P Certificates. Investors must make their own decisions as to the appropriate prepayment assumptions to be used in deciding whether to purchase the Class X-P Certificates.

The preceding table has been prepared based on the structuring assumptions and other assumptions set forth above which include the assumption that the scheduled monthly payments on each Mortgage Loan will amortize in amounts sufficient to repay the remaining principal balance of such Mortgage Loan by its remaining amortization term. However, there is no guarantee that each Mortgage Loan will fully amortize over its remaining amortization term.

Investors in the Class X-P Certificates should note that increases in one-month LIBOR and / or decreases on the rate of collection of prepayment charges, which are not shown in the table above, may have a material negative effect on the yield on the Class X-P Certificates and may reduce their yield to zero even if the prepayments on the Mortgage Loans are consistent with the prepayment rates shown therein. In addition, investors in the Class X-P Certificates should note that their yield will be materially and adversely affected to the extent that Carryover Shortfall Amounts exist.

Weighted Average Lives of the Offered Certificates

The weighted average life of an offered certificate is determined by (a) multiplying the amount of the net reduction, if any, of the Class Certificate Balance of the Certificate on each Distribution Date by the number of years from the date of issuance to the Distribution Date, (b) summing the results and (c) dividing the sum by the aggregate amount of the net reductions in Class Certificate Balance of the Certificate referred to in clause (a).

For a discussion of the factors which may influence the rate of payments (including prepayments) of the Mortgage Loans, see “—*Prepayment Considerations and Risks*” in this prospectus supplement and “*Yield, Maturity and Prepayment Considerations*” in the prospectus.

In general, the weighted average lives of the offered certificates will be shortened if the level of prepayments of principal of the Mortgage Loans increases. However, the weighted average lives of the offered certificates will depend upon a variety of other factors, including the timing of changes in the rate of principal payments, the priority sequence of distributions of principal of the classes of certificates. See “*Description of the Certificates—Principal*” in this prospectus supplement.

The interaction of the foregoing factors may have different effects on various classes of offered certificates and the effects on any class may vary at different times during the life of the class. Accordingly, no assurance can be given as to the weighted average life of any class of offered certificates. Further, to the extent the prices of the offered certificates represent discounts or premiums to their respective initial Class Certificate Balances or initial Notional Amounts, variability in the weighted average lives of the classes of offered certificates will result in variability in the related yields to maturity. For an example of how the weighted average lives of the classes of offered certificates may be affected at various constant prepayment percentages, see the Decrement Tables under the next heading.

Decrement Tables

The following tables indicate the percentages of the initial Class Certificate Balances of the classes of offered certificates (other than the Class X-P and Class A-R Certificates) that would be outstanding after each of the dates shown at various constant prepayment percentages and the corresponding weighted average lives of the classes. The tables have been prepared on the basis of the structuring assumptions. It is not likely that the Mortgage Loans will have the precise characteristics described in this prospectus supplement or all of the Mortgage Loans will prepay at the constant prepayment percentages specified in the tables or at any other constant rate. Moreover, the diverse remaining amortization terms of the Mortgage Loans could produce slower or faster principal distributions than indicated in the tables, which have been prepared using the specified constant prepayment percentages, even if the remaining amortization terms of the Mortgage Loans is consistent with the remaining amortization terms of the mortgage loans specified in the structuring assumptions. The percentages presented in the tables below are rounded to the nearest whole percentage.

Percentage of Initial Class Certificate Balances Outstanding

Distribution Date	Class A-1, Class A-2, Class A-3A, Class A-3B, Class A-4 and Class A-5					Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7, Class M-8, Class M-9 and Class M-10				
	Percentage of PPC					Percentage of PPC				
	50%	80%	100%	120%	150%	50%	80%	100%	120%	150%
Initial Percentage	100	100	100	100	100	100	100	100	100	100
November 2007.....	92	85	80	75	66	100	100	100	100	100
November 2008.....	78	61	51	41	29	100	100	100	98	86
November 2009.....	66	44	33	24	14	100	100	90	79	63
November 2010.....	51	30	20	13	5	100	71	54	41	25
November 2011.....	39	20	12	7	2	92	48	32	21	10
November 2012.....	31	14	7	3	1	73	32	19	11	4
November 2013.....	25	9	4	2	0	57	22	11	6	2
November 2014.....	19	6	3	1	0	45	15	7	3	1
November 2015.....	15	4	1	0	0	36	10	4	1	0
November 2016.....	12	3	1	0	0	28	7	2	1	0
November 2017.....	9	2	1	0	0	22	4	1	0	0
November 2018.....	7	1	0	0	0	17	3	1	0	0
November 2019.....	6	1	0	0	0	14	2	0	0	0
November 2020.....	5	1	0	0	0	11	1	0	0	0
November 2021.....	4	0	0	0	0	8	1	0	0	0
November 2022.....	3	0	0	0	0	6	1	0	0	0
November 2023.....	2	0	0	0	0	5	0	0	0	0
November 2024.....	2	0	0	0	0	4	0	0	0	0
November 2025.....	1	0	0	0	0	3	0	0	0	0
November 2026.....	1	0	0	0	0	2	0	0	0	0
November 2027.....	1	0	0	0	0	2	0	0	0	0
November 2028.....	1	0	0	0	0	1	0	0	0	0
November 2029.....	0	0	0	0	0	1	0	0	0	0
November 2030.....	0	0	0	0	0	1	0	0	0	0
November 2031.....	0	0	0	0	0	0	0	0	0	0
November 2032.....	0	0	0	0	0	0	0	0	0	0
November 2033.....	0	0	0	0	0	0	0	0	0	0
November 2034.....	0	0	0	0	0	0	0	0	0	0
November 2035.....	0	0	0	0	0	0	0	0	0	0
November 2036.....	0	0	0	0	0	0	0	0	0	0
November 2037.....	0	0	0	0	0	0	0	0	0	0
November 2038.....	0	0	0	0	0	0	0	0	0	0
November 2039.....	0	0	0	0	0	0	0	0	0	0
November 2040.....	0	0	0	0	0	0	0	0	0	0
November 2041.....	0	0	0	0	0	0	0	0	0	0
November 2042.....	0	0	0	0	0	0	0	0	0	0
November 2043.....	0	0	0	0	0	0	0	0	0	0
November 2044.....	0	0	0	0	0	0	0	0	0	0
November 2045.....	0	0	0	0	0	0	0	0	0	0
November 2046.....	0	0	0	0	0	0	0	0	0	0
November 2047 and thereafter	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (in years)*	5.23	3.34	2.66	2.18	1.70	8.80	5.66	4.73	4.10	3.41

* Determined as specified under “*Weighted Average Lives of the Offered Certificates*” in this prospectus supplement.

Last Scheduled Distribution Date

The Last Scheduled Distribution Date for each class of offered certificates is the Distribution Date in February 2047. Since the rate of distributions in reduction of the Class Certificate Balance or Notional Amount of each class of offered certificates will depend on the rate of payment (including prepayments) of the Mortgage Loans, the Class Certificate Balance or Notional Amount of any class could be reduced to zero significantly earlier or later than the Last Scheduled Distribution Date. The rate of payments on the Mortgage Loans will depend on their particular characteristics, as well as on prevailing interest rates from time to time and other economic factors, and no assurance can be given as to the actual payment experience of the Mortgage Loans. See “*Yield, Prepayment and Maturity Considerations—Prepayment Considerations and Risks*” and “*—Weighted Average Lives of the Offered Certificates*” in this prospectus supplement and “*Yield, Maturity and Prepayment Considerations*” in the prospectus.

The Subordinated Certificates

The weighted average life of, and the yield to maturity on, each class of subordinated certificates, in decreasing order of their distribution priorities, will be progressively more sensitive to the rate and timing of borrower defaults and the severity of ensuing losses on the Mortgage Loans. In particular, the rate and timing of borrower defaults and the severity of ensuing losses on the Mortgage Loans may be affected by the characteristics of the Mortgage Loans included in the mortgage pool as described in this prospectus supplement under “*The Mortgage Pool—General*” and “*—Underwriting Process*.” If the actual rate and severity of losses on the Mortgage Loans is higher than those assumed by a holder of a subordinated certificate, the actual yield to maturity of the certificate may be lower than the yield expected by the holder based on the holder’s assumptions. The timing of losses on the Mortgage Loans will also affect an investor’s actual yield to maturity, even if the rate of defaults and severity of losses over the life of such Mortgage Loans are consistent with an investor’s expectations. In general, the earlier a loss occurs, the greater the effect on an investor’s yield to maturity. Realized Losses on the Mortgage Loans will reduce the Class Certificate Balance of the applicable class of subordinated certificates to the extent of any losses allocated to it (as described in this prospectus supplement under “*Description of the Certificates—Allocation of Losses*”), without the receipt of cash attributable to the reduction. In addition, shortfalls in cash available for distributions on the subordinated certificates will result in a reduction in the Class Certificate Balance of the class of subordinated certificates then outstanding with the lowest priority of distribution if and to the extent that the aggregate of the Class Certificate Balances of all certificates then outstanding, following all distributions and the allocation of Net Deferred Interest and Realized Losses on the Mortgage Loans on a Distribution Date, exceeds the sum of the pool principal balance and the amount on deposit in the Pre-Funding Account. As a result of the reductions, less interest will accrue on these subordinated certificates than otherwise would be the case. The yield to maturity of the subordinated certificates will also be affected by the disproportionate allocation of the Net Principal Prepayment Amount to the senior certificates, Net Interest Shortfalls and other cash shortfalls in Available Funds. See “*Description of the Certificates—Allocation of Losses*” in this prospectus supplement.

If on any Distribution Date, the Applicable Credit Support Percentage for any class of subordinated certificates (other than the class of subordinated certificates then outstanding with the highest priority of distribution) is less than its Original Applicable Credit Support Percentage, the Net Principal Prepayment Amount on the Mortgage Loans available for distribution on the subordinated certificates will be allocated solely to that class and all other classes of subordinated certificates with higher distribution priorities, thereby accelerating their amortization relative to that of the Restricted Classes and reducing the weighted average lives of the classes of subordinated certificates receiving the distributions. Accelerating the amortization of the classes of subordinated certificates with higher distribution priorities relative to the other classes of subordinated certificates is intended to preserve the availability of the subordination provided by the other classes.

Credit Enhancement

Subordination

Any Realized Losses on the Mortgage Loans will be allocated in accordance with the priorities set forth in this prospectus supplement under “*Description of the Certificates—Allocation of Losses.*”

The rights of the holders of the subordinated certificates to receive distributions with respect to the Mortgage Loans will be subordinated to the rights of the holders of the senior certificates and the rights of the holders of each class of subordinated certificates (other than the class of subordinated certificates then outstanding with the highest priority of distribution) to receive the distributions will be further subordinated to the rights of the class or classes of subordinated certificates with a higher distribution priority, in each case only to the extent described in this prospectus supplement. The subordination of the subordinated certificates to the senior certificates and the subordination of the classes of subordinated certificates with lower distribution priorities to those with higher distribution priorities is intended to increase the likelihood of receipt, respectively, by the senior certificateholders and the holders of the subordinated certificates with higher distribution priorities of the maximum amount to which they are entitled on any Distribution Date and to provide the holders protection against Realized Losses.

For purposes of allocating losses and shortfalls resulting from delinquencies to the subordinated certificates, the Class M Certificates have higher distribution priorities than the Class B Certificates. Within the Class M and Class B Certificates, the distribution priorities are in numerical order.

The Certificate Guaranty Insurance Policy

The following summary of terms of the certificate guaranty insurance policy to be issued by Ambac Assurance Corporation, which is referred to herein as “*Ambac*” or the “*Class A-3A Insurer*”, does not purport to be complete and is qualified in its entirety by reference to the Class A-3A Policy. The Class A-3A Policy will be filed with the SEC as an Exhibit to a Current Report on Form 8-K after the closing date.

The Class A-3A Insurer, will issue a certificate guaranty insurance policy (the “*Class A-3A Policy*”) for the benefit of the holders of the Class A-3A Certificates. The Class A-3A Insurer, in consideration of the payment of a premium and subject to the terms of the Class A-3A Policy, unconditionally and irrevocably guarantees the payment of Insured Amounts to the trustee on behalf of the holders of the Class A-3A Certificates. The Class A-3A Insurer will pay Insured Amounts which are Due for Payment to the trustee on the later of (1) the Distribution Date the Insured Amount is distributable to the holders of the Class A-3A Certificates under the pooling and servicing agreement, and (2) the second Business Day following the Business Day the Class A-3A Insurer shall have received telephonic or telegraphic notice, subsequently confirmed in writing, the original of which is sent by registered or certified mail, from the trustee, specifying that an Insured Amount is due in accordance with the terms of the Class A-3A Policy; provided that, if such notice is received after 12:00 noon, New York City time, on such Business Day, it shall be deemed to be received on the following Business Day. If any such notice is not in proper form or is otherwise insufficient for the purpose of making a claim under the Class A-3A Policy, it shall be deemed not to have been received for purposes of this paragraph, and the Class A-3A Insurer shall promptly so advise the trustee and the trustee may submit an amended or corrected notice.

The Class A-3A Insurer’s obligation under the Class A-3A Policy will be discharged to the extent that funds are received by the trustee for payment to the holders of the Class A-3A Certificates whether or not those funds are properly paid by the trustee. Payments of Insured Amounts will be made only at the time set forth in the Class A-3A Policy, and no accelerated payments of Insured Amounts will be made regardless of any acceleration of the Class A-3A Certificates, unless the acceleration is at the sole option of the Class A-3A Insurer.

For purposes of the Class A-3A Policy, a holder does not and may not include any of the trustee, the sellers, the depositor, the master servicer or any subservicer.

The Class A-3A Policy will not cover Relief Act Reductions, Carryover Shortfall Amounts, Net Interest Shortfalls, Net Deferred Interest or Debt Service Reductions allocated to the Class A-3A Certificates, if any, attributable to Prepayment Interest Shortfalls, any interest shortfalls resulting from the application of the Relief Act or similar state or local laws, or any Net Rate Carryover, nor does the Class A-3A Policy guarantee to the holders of the Class A-3A Certificates any particular rate of principal payment. In addition, the Class A-3A Policy does not cover shortfalls, if any, attributable to the liability of the issuing entity, any REMIC, the trustee or any holder of a Class A-3A Certificate for withholding taxes, if any (including interest and penalties in respect of any liability for withholding taxes) nor any risk other than Nonpayment, including the failure of the trustee to make any payment required under the pooling and servicing agreement to the holders of the Class A-3A Certificates. The Class A-3A Policy will not provide credit enhancement for any class of Certificates other than the Class A-3A Certificates.

No person other than the trustee shall be entitled to present the notice under the Class A-3A Policy.

The Class A-3A Insurer will be subrogated to the rights of each holder of the Class A-3A Certificates to the extent of any payment by the Class A-3A Insurer under the Class A-3A Policy.

The Class A-3A Insurer agrees that if it shall be subrogated to the rights of the holders of the Class A-3A Certificates, no recovery of such payment will occur unless the full amount of such holders' allocable distributions for such Distribution Date can be made. In so doing, the Class A-3A Insurer does not waive its rights to seek full payment of all Reimbursement Amounts owed to it under the pooling and servicing agreement.

The Class A-3A Policy and the obligations of the Class A-3A Insurer thereunder will terminate without any action on the part of the Class A-3A Insurer or any other person on the date following the later to occur of (i) the date that is one year and one day following the date on which all amounts required to be paid on the Class A-3A Certificates have been paid in full, (ii) if any proceeding referenced in the immediately following paragraph has been commenced on or prior to the date specified in clause (i) of this paragraph, the 30th day after the entry of a final, non-appealable order in resolution or settlement of such proceeding and (iii) the Last Scheduled Distribution Date with respect to the Class A-3A Certificates. Upon termination of the Class A-3A Policy, the trustee will forthwith deliver the original of the Class A-3A Policy to the Class A-3A Insurer.

Pursuant to the Class A-3A Policy, the Class A-3A Insurer will pay any Preference Amount when due to be paid pursuant to the Order (as defined below), but in any event no earlier than the third Business Day following receipt by the Class A-3A Insurer of (i) a certified copy of a final, non-appealable order of a court or other body exercising jurisdiction in such insolvency proceeding to the effect that the trustee, or holder of a Class A-3A Certificate, as applicable, is required to return such Preference Amount paid during the term of the Class A-3A Policy because such payments were avoided as a preferential transfer or otherwise rescinded or required to be restored by the trustee or holder of a Class A-3A Certificate (the "**Order**"), (ii) a notice by or on behalf of the trustee or holder of a Class A-3A Certificate that the Order has been entered and is not subject to any stay, (iii) an assignment, in form and substance satisfactory to the Class A-3A Insurer, duly executed and delivered by the trustee or holder of a Class A-3A Certificate, irrevocably assigning to the Class A-3A Insurer all rights and claims of the trustee or such holder relating to or arising under the pooling and servicing agreement against the estate of the Trust or otherwise with respect to such Preference Amount and (iv) a notice (in the form provided in the Class A-3A Policy) appropriately completed and executed by the trustee; provided, that if such documents are received after 12:00 noon, New York City time on such Business Day, they will be deemed to be received the following Business Day; provided further, that the Class A-3A Insurer shall not be obligated to make any payment in respect of any Preference Amount representing a payment of principal on the Class A-3A Certificates prior to the time the Class A-3A Insurer would have been required to make a payment in respect of such principal pursuant to the Class A-3A Policy. Such payment shall be disbursed to the receiver, conservator, debtor-in-possession or trustee in bankruptcy named in the Order, and not to the trustee or to the holders of the Class A-3A Certificates directly, unless a holder of a Class A-3A Certificate has made a payment of the Preference Amount to the court or such receiver, conservator, debtor-in-possession or trustee in bankruptcy named in the Order, in which case the Class A-3A Insurer will pay to the trustee on behalf of such holder, subject to the delivery of (a) the items referred to in clauses (i), (ii), (iii) and (iv) above to the Class A-3A Insurer and (b) evidence satisfactory to the Class A-3A Insurer that payment has been made to such court or receiver, conservator, debtor-in-possession or trustee in bankruptcy named in the Order.

As used in the Class A-3A Policy, the following terms shall have the following meanings:

“Deficiency Amount” with respect to:

(A) each Distribution Date prior to the Last Scheduled Distribution Date for the Class A-3A Certificates, means an amount equal to the sum of (i) the excess, if any, of (a) the amount of current interest on the Class A-3A Certificates net of any interest shortfalls resulting from Prepayment Interest Shortfalls and any interest shortfalls resulting from the application of the Relief Act, or similar state or local laws, Carryover Shortfall Amounts, Net Interest Shortfalls, Net Deferred Interest and Debt Service Reductions over (b) the Class A-3A Available Funds for that Distribution Date, and (ii) the amount of any Realized Losses allocated to the Class A-3A Certificates on such Distribution Date (after giving effect to all distributions to be made on such Distribution Date (other than pursuant to the Class A-3A Policy)); and

(B) the Last Scheduled Distribution Date for the Class A-3A Certificates, means an amount equal to the sum of (i) the amount set forth in clause (A)(i) above and (ii) the Class Certificate Balance of the Class A-3A Certificates on the Last Scheduled Distribution Date for the Class A-3A Certificates (after taking into account all distributions of Class A-3A Available Funds to be made to the Class A-3A Certificates on such Distribution Date).

“Business Day” means any day other than a Saturday, a Sunday or a day on which banking or savings and loan institutions in the State of California, the State of New York or the cities in which the Corporate Trust Office of the trustee is located, are authorized or obligated by law or executive order to be closed.

“Class A-3A Available Funds” means, with respect to any Distribution Date, all funds available pursuant to the pooling and servicing agreement to make distributions on the Class A-3A Certificates on such Distribution Date, other than any Insured Amounts.

“Class A-3A Premium” means the amount payable to the Class A-3A Insurer on each Distribution Date, calculated at the Class A-3A Premium Rate on a balance equal to the Class Certificate Balance of the Class A-3A Certificates immediately prior to such Distribution Date. The Class A-3A Premium will be computed on a 360-day year and the actual number of days elapsed during the related interest accrual period.

“Class A-3A Premium Rate” means 0.08% per annum.

“Due for Payment” means with respect to an Insured Amount, the Distribution Date on which Insured Amounts are due and payable pursuant to the terms of the pooling and servicing agreement.

“Insured Amounts” means, with respect to any Distribution Date, the Deficiency Amount for such Distribution Date.

“Insured Payments” means, with respect to any Distribution Date, the aggregate amount actually paid by the Class A-3A Insurer to the trustee in respect of (i) Insured Amounts for a Distribution Date and (ii) Preference Amounts for any given Business Day.

“Last Scheduled Distribution Date” means, with respect to the Class A-3A Certificates, the Distribution Date in January 2048, which is the thirteenth month following the scheduled maturity date for the latest maturing Mortgage Loan.

“Late Payment Rate” means, with respect to any Distribution Date, the lesser of (i) the greater of (a) the rate of interest, as it is publicly announced by Citibank, N.A. at its principal office in New York, New York as its prime rate (any change in such prime rate of interest to be effective on the date such change is announced by Citibank, N.A.) plus 2% and (b) the then applicable highest rate of interest on the Class A-3A Certificates and (ii) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days.

“Nonpayment” means, with respect to any Distribution Date, an Insured Amount is Due for Payment but has not been paid pursuant to the pooling and servicing agreement.

“Preference Amount” means any amount payable on the Class A-3A Certificates, which has become Due for Payment and which was made to a holder of a Class A-3A Certificate by or on behalf of the issuing entity, which has been deemed a preferential transfer and theretofore recovered from its holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction.

“Reimbursement Amount” means, with respect to any Distribution Date, (i) all Insured Payments paid by the Class A-3A Insurer, but for which the Class A-3A Insurer has not been reimbursed prior to such Distribution Date, plus (ii) interest accrued on such Insured Payments not previously repaid calculated at the Late Payment Rate, from the date such Insured Payments were made.

Capitalized terms used herein as defined terms and not otherwise defined herein shall have the meaning assigned to them in the pooling and servicing agreement, without regard to any amendment or modification thereof, unless such amendment or modification has been approved in writing by the Class A-3A Insurer.

The Class A-3A Policy is not cancelable. The premium on the Class A-3A Policy is not refundable for any reason including payment, or provision being made for payment, prior to maturity of the Class A-3A Certificates.

The Class A-3A Policy is issued under and shall be construed under, the laws of the State of New York, without giving effect to the conflict of laws principles thereof.

THE INSURANCE PROVIDED BY THE CLASS A-3A POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

The Class A-3A Insurer shall be fully subrogated to the rights of each holder of a Class A-3A Certificate to receive principal and interest distributions from the issuing entity on those Class A-3A Certificates to the extent the Class A-3A Insurer makes payments, directly or indirectly, on the account of principal or interest on any Class A-3A Certificates under the Class A-3A Policy. To the extent that the Class A-3A Insurer has paid any amounts with respect to interest and principal, the Class A-3A Insurer will be subrogated to the Class A-3A Certificates with respect to such amounts and will be entitled to those amounts on a pro rata basis with the Class A-3A Certificates as subrogee.

Pursuant to the terms of the pooling and servicing agreement, unless the Class A-3A Insurer defaults in its obligations under the Class A-3A Policy (an **“Ambac Default”**), the Class A-3A Insurer will be entitled to exercise the voting rights of the Class A-3A Certificateholders, without the consent of the Class A-3A Certificateholders, and the Class A-3A Certificateholders may exercise such rights only with the prior written consent of the Class A-3A Insurer.

The Class A-3A Insurer

The following information has been supplied by Ambac Assurance Corporation, the Class A-3A Insurer, for inclusion in this prospectus supplement.

Ambac Assurance Corporation (**“Ambac”**) is a leading financial guarantee insurance company that is primarily engaged in guaranteeing public finance and structured finance obligations. Ambac is the successor to the founding financial guarantee insurance company, which wrote the first bond insurance policy in 1971. Ambac is licensed to transact financial guarantee and surety business in all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Territory of Guam and the U.S. Virgin Islands. Ambac is subject to the insurance laws and regulations of the State of Wisconsin, its state of incorporation, and the insurance laws and regulations of other states in which it is licensed to transact business. Ambac is a wholly-owned subsidiary of Ambac Financial Group, Inc. (**“Ambac Financial Group”**), a 100% publicly-held company. Ambac has earned

triple-A financial strength ratings from Moody's Investors Service, Inc., Standard & Poor's Ratings Services, Fitch, Inc., and Rating and Investment Information, Inc.

Capitalization.

The following table sets forth the capitalization of Ambac and subsidiaries as of December 31, 2004, December 31, 2005 and September 30, 2006 in conformity with U.S. generally accepted accounting principles.

Ambac Assurance Corporation and Subsidiaries
CONSOLIDATED CAPITALIZATION TABLE
(Dollars in Millions)

	<u>December 31, 2004</u>	<u>December 31, 2005</u>	<u>September 30, 2006</u> (unaudited)
Unearned premiums.....	\$2,783	\$2,966	\$3,040
Long -term debt	1,074	1,042	1,022
Other liabilities	<u>2,199</u>	<u>2,068</u>	<u>2,076</u>
Total liabilities.....	<u>6,056</u>	<u>6,076</u>	<u>6,138</u>
Stockholder's equity			
Common stock.....	82	82	82
Additional paid-in capital	1,233	1,453	1,476
Accumulated other comprehensive income.....	238	137	144
Retained earnings	<u>4,094</u>	<u>4,499</u>	<u>5,064</u>
Total stockholder's equity	<u>5,647</u>	<u>6,171</u>	<u>6,766</u>
Total liabilities and stockholder's equity	<u>\$11,703</u>	<u>\$12,247</u>	<u>\$12,904</u>

There has been no material adverse change in the capitalization of Ambac and subsidiaries from September 30, 2006 to the date of this prospectus supplement.

For additional financial information concerning Ambac, see the audited consolidated financial statements of Ambac incorporated by reference herein.

Incorporation of Certain Documents by Reference.

The portions of the following documents relating to Ambac, which have been filed with the SEC by Ambac Financial Group, Inc. (Securities Exchange Act of 1934 registration number No. 1-10777), are incorporated by reference into this prospectus supplement. Any information referenced in this way is considered part of this prospectus supplement.

- Ambac Financial Group's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and filed on March 13, 2006;
- Ambac Financial Group's Current Report on Form 8-K dated and filed on April 26, 2006;
- Ambac Financial Group's Quarterly Report on Form 10-Q for the three - month period ended March 31, 2006 and filed on May 10, 2006;
- Ambac Financial Group's Current Report on Form 8-K dated and filed on July 26, 2006;

- Ambac Financial Group's Current Report on Form 8-K dated July 25, 2006 and filed on July 26, 2006;
- Ambac Financial Group's Quarterly Report on Form 10-Q for the three- and six- month periods ended June 30, 2006 and filed on August 9, 2006;
- Ambac Financial Group's Current Report on Form 8-K dated and filed on October 25, 2006; and
- Ambac Financial Group's Quarterly Report on Form 10-Q for the three- and nine- month periods ended September 30, 2006 and filed on November 8, 2006.

Ambac's consolidated financial statements and all other information relating to Ambac and subsidiaries included in Ambac Financial Group's periodic reports filed with the SEC subsequent to the date of this prospectus supplement and prior to the termination of the offering of the Offered Certificates shall, to the extent filed (rather than furnished pursuant to Item 9 of Form 8-K), be deemed to be incorporated by reference into this prospectus supplement and to be a part hereof from the respective dates of filing of such reports.

Any statement contained in a document incorporated in the prospectus supplement by reference shall be modified or superseded for the purposes of this prospectus supplement to the extent that a statement contained in a subsequently filed document incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement.

Copies of all information regarding Ambac that is incorporated by reference in this prospectus supplement can be read and copied at the SEC's website at <http://www.sec.gov>, the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549, and the offices of the NYSE, 20 Broad Street, New York, New York 10005. Copies of Ambac's annual statement for the year ended December 31, 2005 prepared on the basis of accounting practices prescribed or permitted by the State of Wisconsin Office of the Commissioner of Insurance, are available without charge from Ambac. The address of Ambac's administrative offices and its telephone number are One State Street Plaza, 19th Floor, New York, New York 10004 and (212) 668-0340.

Other Information.

Ambac makes no representation regarding the certificates or the advisability of investing in the certificates. Ambac has not independently verified, is not responsible for, and makes no representation regarding, the accuracy or completeness of this prospectus supplement, other than the information supplied by Ambac and presented, included or incorporated by reference in this prospectus supplement under the heading "*Description of the Certificates—The Class A-3A Insurer*" and "*Description of the Certificates—The Certificate Guaranty Insurance Policy*."

Use of Proceeds

We expect the proceeds to the depositor from the sale of the offered certificates to be approximately \$1,265,710,834, before deducting issuance expenses payable by the depositor. The depositor will apply the net proceeds of the sale of these classes of certificates against the purchase price of the Closing Date Mortgage Loans and to fund the Pre-funding Account and the Capitalized Interest Account.

Legal Proceedings

There are no legal proceedings against Countrywide Home Loans, the depositor, the trustee, the issuing entity or the master servicer, or to which any of their respective properties are subject, that is material to the certificateholders, nor is the depositor aware of any proceedings of this type contemplated by governmental authorities.

Material Federal Income Tax Consequences

The following discussion and the discussion in the prospectus under the caption “Material Federal Income Tax Consequences” is the opinion of Sidley Austin LLP (“*Tax Counsel*”) on the anticipated material federal income tax consequences of the purchase, ownership, and disposition of the offered certificates. It is based on the current provisions and interpretations of the Internal Revenue Code of 1986, as amended (the “*Code*”) and the accompanying Treasury regulations and on current judicial and administrative rulings. All of these authorities are subject to change and any change can apply retroactively.

For federal income tax purposes, the issuing entity (exclusive of any amounts on deposit in the Pre-funding Account, the Capitalized Interest Account and the Carryover Shortfall Reserve Fund) will consist of one or more REMICs in a tiered structure. The highest REMIC will be referred to as the “*Master REMIC*,” and each REMIC below the Master REMIC (if any) will be referred to as an “*underlying REMIC*.” Each underlying REMIC (if any) will issue multiple classes of uncertificated, regular interests (the “*underlying REMIC Regular Interests*”) that will be held by another REMIC above it in the tiered structure. The assets of the lower underlying REMICs (or the Master REMIC if there are no underlying REMICs) will consist of the mortgage loans and any other assets designated in the pooling and servicing agreement. The Master REMIC will issue the senior certificates and the subordinated certificates (together, excluding the Class A-R Certificates, the “*Regular Certificates*”). The Class A-R Certificates (also, the “*Residual Certificates*”) will represent the beneficial ownership of the residual interest in each underlying REMIC (if any) and the residual interest in the Master REMIC. The assets of the Master REMIC will consist of the underlying REMIC Regular Interests (or, if there are no underlying REMICs, the Mortgage Loans and any other assets designated in the pooling and servicing agreement). Aggregate distributions on the underlying REMIC Regular Interests held by the Master REMIC (if any) will equal the aggregate distributions on the Regular Certificates issued by the Master REMIC.

The LIBOR Certificates will be treated as representing both interests in REMIC Regular Interests and entitlement to receive payments of Carryover Shortfall Amounts. The Class X-P Certificates will represent interests in REMIC Regular Interests and the Carryover Shortfall Reserve Fund, burdened by the entitlement of the holders of the LIBOR Certificates to payments of Carryover Shortfall Amounts. Holders of the LIBOR Certificates must allocate the purchase price for their LIBOR Certificates between the REMIC Regular Interest component and the Carryover Shortfall Amounts component. Holders of the Class X-P Certificates must allocate the purchase price for their class of certificates (and any amount deemed to be received for undertaking to make payments of Carryover Shortfall Amounts) to the REMIC Regular Interest component.

Although it is unclear, for income tax reporting purposes, the trustee intends to treat the entitlement of the Class X-P Certificateholders to prepayment penalties in the same manner as the trustee treats the entitlement of the Class X-P Certificateholders to interest payments. Class X-P Certificateholders are encouraged to consult with their tax advisors on the treatment of their entitlement to prepayment penalties.

Upon the issuance of the Certificates, Tax Counsel, will deliver its opinion concluding, assuming compliance with the pooling and servicing agreement, for federal income tax purposes, that each REMIC described in the pooling and servicing agreement will qualify as a REMIC within the meaning of Section 860D of the Code, and that the Regular Certificates will represent regular interests in a REMIC. Moreover, Tax Counsel will deliver an opinion concluding that the interests of the holders of the LIBOR Certificates with respect to Carryover Shortfall Amounts received will represent, for federal income tax purposes, contractual rights coupled with regular interests within the meaning of Treasury regulations §1.860G-2(i).

Taxation of the REMIC Regular Interest Components of the LIBOR Certificates and the Class X-P Certificates

The REMIC Regular Interest components of the LIBOR Certificates and Class X-P Certificates will be treated as debt instruments issued by the Master REMIC for federal income tax purposes. Income on the REMIC Regular Interest components of the LIBOR Certificates and Class X-P Certificates must be reported under an accrual method of accounting. Under an accrual method of accounting, interest income may be required to be included in a holder's gross income in advance of the holder's actual receipt of that interest income.

The REMIC Regular Interest components of the Class X-P Certificates will, and the REMIC Regular Interest components of the LIBOR Certificates may, be treated for federal income tax purposes as having been issued with original issue discount (“OID”). Although the tax treatment is not entirely certain, the REMIC Regular Interest component of a Class X-P Certificate will be treated as having OID for federal income tax purposes in an amount equal to the excess of (1) the sum of all payments on such Class X-P Certificate determined under the prepayment assumption over (2) the price at which such Class X-P Certificate is issued. For purposes of determining the amount and rate of accrual of OID and market discount, the issuing entity intends to assume that there will be prepayments on the Mortgage Loans at a rate equal to 100% PPC. No representation is made regarding whether the Mortgage Loans will prepay at the foregoing rate or at any other rate. Despite the possibility of interest being deferred on the offered certificates, the trustee intends to treat the interest accruing on the offered certificates (other than the interest accruing on the REMIC Regular Interest component of the Class X-P Certificates) as “qualified stated interest.” If the interest accruing on the offered certificates (other than the interest accruing on the REMIC Regular Interest component of the Class X-P Certificates) is not “qualified stated interest”, then the offered certificates (even if they are not issued at a discount) will be treated as having been issued with OID. Prospective purchasers of the offered certificates are encouraged to consult with their tax advisors regarding the treatment of the offered certificates under the Treasury regulations concerning OID. See “*Material Federal Income Tax Consequences*” in the prospectus.

Computing accruals of OID in the manner described in the prospectus may (depending on the actual rate of prepayments during the accrual period) result in the accrual of negative amounts of OID on the certificates issued with OID in an accrual period. Holders will be entitled to offset negative accruals of OID only against future OID accrual on their certificates. Although unclear, a holder of a Class X-P Certificate may be entitled to deduct a loss to the extent that its remaining basis in the IO Components of the Class X-P Certificate (as such IO Component is described under “*Description of the Certificates—Component Class*”) exceeds the maximum amount of future payments to which such IO Components would be entitled if there were no further prepayments of the Mortgage Loans.

If the holders of any LIBOR Certificates are treated as acquiring their REMIC Regular Interest components at a premium, the holders are encouraged to consult their tax advisors regarding the election to amortize bond premium and the method to be employed. See “*Material Federal Income Tax Consequences—Taxation of Debt Securities—Premium*” in the prospectus.

Disposition of Regular Certificates

Assuming that the Regular Certificates are held as “capital assets” within the meaning of section 1221 of the Code, gain or loss on the disposition of the REMIC Regular Interest component of the LIBOR Certificates and the Class X-P Certificates should result in capital gain or loss. Such gain, however, will be treated as ordinary income to the extent it does not exceed the excess (if any) of:

(1) the amount that would have been includible in the holder’s gross income with respect to the REMIC Regular Interest component had income thereon accrued at a rate equal to 110% of the applicable federal rate as defined in section 1274(d) of the Code determined as of the date of purchase of the Certificate

over

(2) the amount actually included in such holder’s income.

Tax Treatment For Certain Purposes

As described more fully under “*Material Federal Income Tax Consequences*” in the prospectus, the REMIC Regular Interest components of the LIBOR Certificates and the Class X-P Certificates will represent “real estate assets” under Section 856(c)(5)(B) of the Code and qualifying assets under Section 7701(a)(19)(C) of the Code in the same proportion or greater that the assets of the issuing entity will be so treated, and income on the REMIC Regular Interest components of the LIBOR Certificates and the Class X-P Certificates will represent “interest on obligations secured by mortgages on real property or on interests in real property” under Section

856(c)(3)(B) of the Code in the same proportion or greater that the income on the assets of the issuing entity will be so treated. The REMIC Regular Interest components of the LIBOR Certificates and the Class X-P Certificates (but not the Carryover Shortfall Amounts component) will represent qualifying assets under Section 860G(a)(3) of the Code if acquired by a REMIC within the prescribed time periods of the Code.

Carryover Shortfall Amounts

The following discussions assume that the rights and obligations of the holders of the LIBOR Certificates and the Class X-P Certificates with respect to Carryover Shortfall Amounts will be treated as rights and obligations under a notional principal contract rather than as interests in a partnership for federal income tax purposes. If these rights and obligations were treated as representing interests in an entity taxable as a partnership for federal income tax purposes, then there could be different tax timing consequences to all such certificateholders and different withholding tax consequences on payments to certificateholders who are non-U.S. Persons. Prospective investors in the LIBOR Certificates and the Class X-P Certificates are encouraged to consult their tax advisors regarding their appropriate tax treatment.

The Rights of the LIBOR Certificates With Respect to Carryover Shortfall Amounts

For tax information reporting purposes, the trustee (1) will treat the rights of the LIBOR Certificates to Carryover Shortfall Amounts as rights to receive payments under a notional principal contract (specifically, an interest rate corridor contract) and (2) anticipates assuming that these rights will have an insubstantial value relative to the value of the REMIC Regular Interest components of the LIBOR Certificates. The IRS could, however, successfully argue that the Carryover Shortfall Amounts components of the LIBOR Certificates have a greater value. Similarly, the trustee could determine that the Carryover Shortfall Amounts components of the LIBOR Certificates have a greater value. In either case, the REMIC Regular Interest components of the LIBOR Certificates could be viewed as having been issued with either additional amounts of OID (which could cause the total amount of discount to exceed a statutorily defined de minimis amount) or with less premium (which would reduce the amount of premium available to be used as an offset against interest income). See “*Material Federal Income Tax Consequences—Taxation of Debt Securities—Premium*” in the prospectus. In addition, the Carryover Shortfall Amounts components could be viewed as having been purchased at a higher cost. These changes could affect the timing and amount of income and deductions on the REMIC Regular Interest components and Carryover Shortfall Amounts components.

The portion of the overall purchase price of a LIBOR Certificate attributable to the Carryover Shortfall Amounts component must be amortized over the life of the Certificate, taking into account the declining balance of the related REMIC Regular Interest component. Treasury regulations concerning notional principal contracts provide alternative methods for amortizing the purchase price of an interest rate corridor contract. Under one method—the level yield constant interest method—the price paid for the Carryover Shortfall Amounts components would be amortized over the life of the Carryover Shortfall Amounts components as though it were the principal amount of a loan bearing interest at a reasonable rate. Holders are encouraged to consult their tax advisors concerning the methods that can be employed to amortize the portion of the purchase price paid for the Carryover Shortfall Amounts component of such a Certificate.

Any payments received by a holder of a LIBOR Certificate of Carryover Shortfall Amounts will be treated as periodic payments received under a notional principal contract. For any taxable year, to the extent the sum of the periodic payments received exceeds the amortization of the purchase price of the Carryover Shortfall Amounts component, such excess will be ordinary income. Conversely, to the extent the amortization of the purchase price exceeds the periodic payments, such excess will be allowable as an ordinary deduction. In the case of an individual, such deduction will be subject to the 2-percent floor imposed on miscellaneous itemized deductions under section 67 of the Code and may be subject to the overall limitation on itemized deductions imposed under section 68 of the Code. In addition, miscellaneous itemized deductions are not allowed for purposes of computing the alternative minimum tax.

The Obligations of the Class X-P Certificates With Respect to Carryover Shortfall Amounts

For tax information reporting purposes, the trustee (1) will treat the obligations of the Class X-P Certificates with respect to Carryover Shortfall Amounts as obligations to make periodic payments under an interest rate corridor contract, (2) anticipates assuming that any consideration deemed to be received by the Class X-P Certificates for undertaking these obligations (“*Deemed Consideration*”) is insubstantial and (3) will treat the Deemed Consideration as being paid toward the purchase price of the REMIC Regular Interest components of the Class X-P Certificates. The IRS could, however, successfully argue that such Deemed Consideration has a greater value. Similarly, the trustee could determine that such Deemed Consideration has a greater value. In either case, this change could affect the timing and amount of a Class X-P Certificateholder’s income and deductions with respect to the REMIC Regular Interest component and Carryover Shortfall Amounts obligations.

The Deemed Consideration should be amortized by the holders of the Class X-P Certificates and taken into income over the life of the Carryover Shortfall Amounts obligation, taking into account the declining balance of the REMIC Regular Interest components of the LIBOR Certificates. Treasury regulations concerning notional principal contracts provide alternative methods for amortizing the purchase price of an interest rate corridor contract. Under one method—the level yield constant interest method—the price received for an interest rate cap agreement is amortized over the life of the cap as though it were the principal amount of a loan bearing interest at a reasonable rate. Holders are encouraged to consult their tax advisors concerning the methods that can be employed to amortize any such consideration deemed paid to a holder of a Class X-P Certificate.

For any taxable year, to the extent the amortization of the Deemed Consideration exceeds the sum of the periodic payments made to the holders of the LIBOR Certificates, such excess will be ordinary income. Conversely, to the extent those periodic payments exceed the amortization of the Deemed Consideration, such excess will be allowable as an ordinary deduction. In the case of an individual, such deduction will be subject to the 2-percent floor imposed on miscellaneous itemized deductions under section 67 of the Code and may be subject to the overall limitation on itemized deductions imposed under section 68 of the Code. In addition, miscellaneous itemized deductions are not allowed for purposes of computing the alternative minimum tax.

Dispositions of Rights and Obligations With Respect To Carryover Shortfall Amounts

Upon the sale, exchange, or other disposition of a LIBOR Certificate or Class X-P Certificate, the holder of a LIBOR Certificate must allocate the amount realized between the Regular Interest component and the Carryover Shortfall Amounts component, and the holder of a Class X-P Certificate must allocate the amount realized (which includes relief from the Carryover Shortfall Amounts obligation) between the REMIC Regular Interest component and its position with respect to Carryover Shortfall Amounts, based on the relative fair market values of those items at the time of sale. Assuming a LIBOR Certificate or Class X-P Certificate is held as a “capital asset” within the meaning of section 1221 of the Code, any gain or loss on the disposition of the Carryover Shortfall Amounts component or Carryover Shortfall Amounts position should be capital gain or loss.

Tax Treatment For Certain Purposes

The Carryover Shortfall Amounts components of the LIBOR Certificates, and the position of a holder of a Class X-P Certificate with respect to Carryover Shortfall Amounts, will not qualify as assets described in Section 7701(a)(19)(C) of the Code or as real estate assets under Section 856(c)(5)(B) of the Code and the income from Carryover Shortfall Amounts component will not represent “interest on obligations secured by mortgages on real property or on interests in real property” under Section 856(c)(3)(B) of the Code. In addition, because of the Carryover Shortfall Amounts rights and obligations of the LIBOR Certificates and the Class X-P Certificates, holders of the LIBOR Certificates and the Class X-P Certificates are encouraged to consult with their tax advisors before resecuritizing those Certificates in a REMIC.

The Carryover Shortfall Reserve Fund

The holders of the Class X-P Certificates will be taxable on the earnings of the Carryover Shortfall Reserve Fund whether those earnings are distributed directly to the holders of the Class X-P Certificates or paid to the

holders of the LIBOR Certificates and taxable to the holders of the LIBOR Certificates as part of Carryover Shortfall Amounts.

Residual Certificates

The holders of the Residual Certificates must include the taxable income of each underlying REMIC (if any) and the Master REMIC in their federal taxable income. The resulting tax liability of the holders may exceed cash distributions to them during certain periods. All or a portion of the taxable income from a Residual Certificate recognized by a holder may be treated as “excess inclusion” income, which, with limited exceptions, cannot be reduced by deductions (including net operating losses) and in all cases, is subject to U.S. federal income tax.

In computing alternative minimum taxable income, the special rule providing that taxable income cannot be less than the sum of the taxpayer’s excess inclusions for the year does not apply. However, a taxpayer’s alternative minimum taxable income cannot be less than the sum of the taxpayer’s excess inclusions for the year. In addition, the amount of any alternative minimum tax net operating loss is determined without regard to any excess inclusions.

Effective August 1, 2006, temporary regulations issued by the Internal Revenue Service (the “*Temporary regulations*”) have modified the general rule that excess inclusions from a REMIC residual interest are not includible in the income of a foreign person (or subject to withholding tax) until paid or distributed. The new regulations accelerate the time both for reporting, and tax withholding on, excess inclusions allocated to the foreign equity holders of partnerships and certain other pass-through entities. The new rules also provide that excess inclusions are United States sourced income. The timing rules apply to a particular REMIC residual interest and a particular foreign person, if the first allocation of income from the residual interest to the foreign person occurs after July 31, 2006. The source rules apply for taxable years ending after August 1, 2006.

Under the Temporary regulations, in the case of REMIC residual interests held by a foreign person through a partnership, the amount of excess inclusion income allocated to the foreign partner is deemed to be received by the foreign partner on the last day of the partnership’s taxable year except to the extent that the excess inclusion was required to be taken into account by the foreign partner at an earlier time under section 860G(b) of the Code as a result of a distribution by the partnership to the foreign partner or a disposition in whole or in part of the foreign partner’s indirect interest in the REMIC residual interest. A disposition in whole or in part of the foreign partner’s indirect interest in the REMIC residual interest may occur as a result of a termination of the REMIC, a disposition of the partnership’s residual interest in the REMIC, a disposition of the foreign partner’s interest in the partnership, or any other reduction in the foreign partner’s allocable share of the portion of the REMIC net income or deduction allocated to the partnership.

Similarly, in the case of a REMIC residual interest held by a foreign person as a shareholder of a real estate investment trust or regulated investment company, as a participant in a common trust fund or as a patron in an organization subject to part I of subchapter T (cooperatives), the amount of excess inclusion allocated to the foreign person must be taken into income at the same time that other income from the trust, company, fund, or organization would be taken into account.

Under the Temporary regulations, excess inclusions allocated to a foreign person (whether as a partner or holder of an interest in a pass-through entity) are expressly made subject to withholding tax. In addition, in the case of excess inclusions allocable to a foreign person as a partner, the Temporary regulations eliminate an important exception to the withholding requirements under which a withholding agent unrelated to a payee is obligated to withhold on a payment only to the extent that the withholding agent has control over the payee’s money or property and knows the facts giving rise to the payment.

Purchasers of a Residual Certificate (that is, one of the Class A-R Certificates) are encouraged to consider carefully the tax consequences of an investment in Residual Certificates discussed in the prospectus and consult their tax advisors with respect to those consequences. See “*Material Federal Income Tax Consequences—Taxation of Holders of Residual Interests*” in the prospectus. In particular, prospective holders of Residual Certificates are encouraged to consult their tax advisors regarding whether a Residual Certificate will be treated as a “noneconomic” residual interest, as a “tax avoidance potential” residual interest or as both. Among other things, holders of Noneconomic Residual Certificates should be aware of REMIC regulations that govern the treatment of

“inducement fees” and that may affect their ability to transfer their Residual Certificates. See “*Material Federal Income Tax Consequences—Taxation of Holders of Residual Certificates—Excess Inclusions*,” “*—Restrictions on Ownership and Transfer of Residual Interests*,” “*—Noneconomic Residual Interests*,” “*—Treatment of Inducement Fees*,” “*—Mark to Market Rules*” and “*Material Federal Income Tax Consequences—Tax Treatment of Foreign Investors*” in the prospectus.

Additionally, for information regarding Prohibited Transactions and treatment of Realized Losses, see “*Material Federal Income Tax Consequences—Taxation of the REMIC—Prohibited Transactions and Contributions Tax*” and “*Material Federal Income Tax Consequences—Taxation of Holders of Residual Certificates*” in the prospectus.

As a result of the Economic Growth and Tax Relief Reconciliation Act of 2001 (the “*2001 Act*”), limitations imposed by section 68 of the Code on claiming itemized deductions will be phased-out commencing in 2006, which will affect individuals holding Residual Certificates. In addition, as a result of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the “*2003 Act*”) the backup withholding rate has been reduced to 28%. Unless they are amended, these provisions of the 2001 Act and the 2003 Act will no longer apply for taxable years beginning after December 31, 2010. See “*Material Federal Income Tax Consequences*” in the prospectus. Investors are encouraged to consult their tax advisors with respect to both statutes.

Other Taxes

No representations are made regarding the tax consequences of the purchase, ownership or disposition of the certificates under any state, local or foreign tax law.

All investors are encouraged to consult their tax advisors regarding the federal, state, local or foreign tax consequences of purchasing, owning or disposing of the certificates.

ERISA Considerations

Any fiduciary of an employee benefit or other plan or arrangement (such as an individual retirement account or Keogh plan) that is subject to the Employee Retirement Income Security Act of 1974, as amended (“*ERISA*”), or to Section 4975 of the Code (a “*Plan*”) that proposes to cause the Plan to acquire any of the offered certificates (directly or indirectly through investment by an entity or account holding assets of the Plan) is encouraged to consult with its counsel with respect to the potential consequences of the Plan’s acquisition and ownership of the certificates under ERISA and Section 4975 of the Code. See “*ERISA Considerations*” in the prospectus. Section 406 of ERISA prohibits “parties in interest” with respect to an employee benefit plan subject to ERISA from engaging in various different types of transactions involving the Plan and its assets unless a statutory, regulatory or administrative exemption applies to the transaction. Section 4975 of the Code imposes excise taxes on prohibited transactions involving “disqualified persons” and Plans described under that Section. ERISA authorizes the imposition of civil penalties for prohibited transactions involving Plans not subject to the requirements of Section 4975 of the Code.

Some employee benefit plans, including governmental plans and some church plans, are not subject to ERISA’s requirements. Accordingly, assets of those plans may be invested in the offered certificates without regard to the ERISA considerations described in this prospectus supplement and in the prospectus, subject to the provisions of other applicable federal and state law. Any of those plans that is qualified and exempt from taxation under Sections 401(a) and 501(a) of the Code may be subject to the prohibited transaction rules set forth in Section 503 of the Code.

Investments by Plans or with assets of Plans that are subject to ERISA must satisfy ERISA’s general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that a Plan’s investments be made in accordance with the documents governing the Plan. A fiduciary that decides to invest the assets of a Plan in the offered certificates should consider, among other factors, the extreme sensitivity of the investment to the rate of principal payments (including prepayments) on the Mortgage Loans. It is anticipated

that the certificates will constitute “equity interests” in the issuing entity for the purpose of the Plan Assets Regulation.

The U.S. Department of Labor has granted the underwriter an administrative exemption (the “*Exemption*”) from some of the prohibited transaction rules of ERISA and the related excise tax provisions of Section 4975 of the Code with respect to the initial purchase, the holding and the subsequent resale by Plans of securities, including certificates, in pass-through trusts that consist of specified receivables, loans and other obligations that meet the conditions and requirements of the Exemption. The Exemption applies to mortgage loans such as the Mortgage Loans in the issuing entity. The Exemption extends exemptive relief to certificates, including Subordinated Certificates, rated in the four highest generic rating categories in certain designated transactions when the conditions of the Exemption, including the requirement that an investing Plan be an “accredited investor” as defined in Rule 501(a)(1) of Regulation D under the Securities Act of 1933, as amended, are met.

The Exemption does not apply if any mortgage loan or other asset held in the issuing entity (other than a residential mortgage loan or home equity loan) has a loan-to-value ratio that exceeds 100% on the date of issuance of the certificates or if any single-family residential mortgage loan or home equity loan has a loan-to-value ratio that exceeds 125% on the date of issuance of the certificates. As noted above, when the issuing entity contains any single-family residential mortgage loans or home equity loans with loan-to-value ratios that exceed 100% (but do not exceed 125%) on the date of issuance, only certificates that are rated in one of the two highest rating categories by a rating agency and that are not subordinated are eligible for relief under the Exemption. It is not clear how the Exemption applies to an issuing entity holding loans with a loan-to-value ratio that increases to more than 100% (but not more than 125%) because of negative amortization after the date of issuance of the certificates. Because a substantial number of the loans in the issuing entity, if they were to negatively amortize to the maximum permitted extent, would have a loan-to-value ratio in excess of 100%, the issuing entity has determined to treat the pool as a high loan-to-value pool, and accordingly, not to allow purchases of the offered certificates by Plans (other than the Class A-1 and Class A-4 Certificates in those instances described below).

The Exemption provides exemptive relief to certain mortgage-backed and asset-backed securities transactions using a pre-funding account. Mortgage loans or other secured receivables supporting payments to certificateholders, and having a value equal to no more than twenty-five percent (25%) of the total principal amount of the certificates being offered by the entity, may be transferred to the entity within a 90-day or three-month period following the closing date, instead of being required to be either identified or transferred on or before the closing date. The relief is available when the pre-funding arrangements satisfy certain conditions.

For a general description of the Exemption and the conditions that must be satisfied for the Exemption to apply, see “*ERISA Considerations*” in the prospectus.

It is expected that the Exemption will apply to the acquisition and holding by Plans of the Class A-1 and Class A-4 Certificates and that all conditions of the Exemption other than those within the control of the investors will be met. In addition, as of the date of this prospectus supplement, there is no single borrower that is the obligor on five percent (5%) of the Mortgage Loans included in the issuing entity by aggregate unamortized principal balance of the assets of the issuing entity.

The rating of a certificate may change. If the Class A-1 or Class A-4 Certificates no longer have a rating of at least AA- or its equivalent from at least one of S&P, Fitch Ratings, or Moody’s, certificates of that class will no longer be eligible for relief under the Exemption (although a Plan that had purchased the certificate when it had a rating of AA- or above would not be required by the Exemption to dispose of it).

Because the characteristics of the offered certificates (other than the Class A-1 and Class A-4 Certificates) may not meet the requirements of the Exemption, or any other issued exemption under ERISA, a Plan may have engaged in a prohibited transaction giving rise to excise taxes or civil penalties if it purchases and holds the offered certificates (other than the Class A-1 and Class A-4 Certificates). Consequently, transfers of the offered certificates (other than the Class A-1 and Class A-4 Certificates) (and the Class A-1 and Class A-4 Certificates if, because of a change of rating, they no longer satisfy the rating requirement of the Exemption) will not be registered by the trustee unless the trustee receives:

- a representation from the transferee of the certificate, acceptable to and in form and substance satisfactory to the trustee, that the transferee is not a Plan, or a person acting on behalf of a Plan or using a Plan's assets to effect the transfer;
- a representation that the transferee is an insurance company which is purchasing the certificate with funds contained in an "insurance company general account" (as defined in Section V(e) of Prohibited Transaction Class Exemption 95-60 ("*PTCE 95-60*")) and that the purchase and holding of the certificate satisfy the requirements for exemptive relief under Sections I and III of PTCE 95-60; or
- an opinion of counsel satisfactory to the trustee that the purchase and holding of the certificate by a Plan, or a person acting on behalf of a Plan or using a Plan's assets, will not result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code and will not subject the trustee or the master servicer to any obligation in addition to those undertaken in the pooling and servicing agreement.

If the representation is not true, or any attempt to transfer to a Plan or person acting on behalf of a Plan or using a Plan's assets is initiated without the required opinion of counsel, then the attempted transfer or acquisition will be void.

Prospective Plan investors are encouraged to consult with their legal advisors concerning the impact of ERISA and the Code, the effect of the Plan Assets Regulation and the applicability of the Exemption described in the prospectus, and the potential consequences in their specific circumstances, before making an investment in any of the offered certificates. Moreover, each Plan fiduciary is encouraged to determine whether, under the general fiduciary standards of investment prudence and diversification, an investment in any of the offered certificates is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio.

The sale of certificates to a Plan is in no respect a representation by the issuing entity or the underwriter of the certificates that this investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that this investment is appropriate for Plans generally or any particular Plan.

Method of Distribution

Subject to the terms and conditions set forth in the underwriting agreement between the depositor and Countrywide Securities Corporation, an affiliate of the sellers, the depositor and the master servicer (the "*underwriter*"), the depositor has agreed to sell the offered certificates to the underwriter, and the underwriter has agreed to purchase from the depositor the offered certificates (the "*Underwritten Certificates*").

Distribution of the Underwritten Certificates will be made by the underwriter from time to time in negotiated transactions or otherwise at varying prices to be determined at the time of sale. The underwriter may effect such transactions by selling the Underwritten Certificates to or through dealers and such dealers may receive from the underwriter, for which they act as agent, compensation in the form of underwriting discounts, concessions or commissions. The underwriter and any dealers that participate with the underwriter in the distribution of the Underwritten Certificates may be deemed to be underwriters, and any discounts, commissions or concessions received by them, and any profits on resale of the Underwritten Certificates purchased by them, may be deemed to be underwriting discounts and commissions under the Securities Act of 1933, as amended.

The depositor has been advised by the underwriter that it intends to make a market in the Underwritten Certificates purchased by it, but the underwriter has no obligation to do so. There can be no assurance that a secondary market for the Underwritten Certificates will develop or, if it does develop, that it will continue or that it will provide certificateholders with a sufficient level of liquidity of investment.

The depositor has agreed to indemnify the underwriter against, or make contributions to the underwriter with respect to, liabilities, customarily indemnified against, including liabilities under the Securities Act of 1933, as amended.

Legal Matters

The validity of the certificates, including their material federal income tax consequences, will be passed upon for the depositor by Sidley Austin LLP, New York, New York. Certain legal matters will be passed upon for the underwriter by McKee Nelson LLP.

Ratings

It is a condition to the issuance of the offered certificates that they receive the respective ratings set forth on page S-6 of the Summary of this prospectus supplement by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**") and Moody's Investors Service, Inc. ("**Moody's**"). The depositor has not requested a rating of the Class M-10 Certificates from S&P. The depositor has requested that S&P and Moody's maintain ongoing surveillance of the ratings assigned to the offered certificates in accordance with their respective policies, but we cannot assure you that either S&P or Moody's will continue its surveillance of the ratings assigned to the offered certificates.

The ratings assigned by S&P and Moody's to the Class A-3A Certificates are without regard to the Class A-3A Policy.

The ratings assigned by S&P to mortgage pass-through certificates address the likelihood of the receipt of all distributions on the Mortgage Loans by the related certificateholders under the agreements pursuant to which the certificates are issued. S&P's ratings take into consideration the credit quality of the related mortgage pool, including any credit support providers, structural and legal aspects associated with the certificates, and the extent to which the payment stream on the mortgage pool is adequate to make the payments required by the certificates. The rating assigned by S&P to the Class X-P Certificates do not address the likelihood of collection of prepayment charges or whether investors will recoup their initial investments. The rating assigned by S&P to the Class A-R Certificates only addresses the return of its Class Certificate Balance. The ratings assigned by S&P to the LIBOR Certificates do not address the likelihood of payments of Carryover Shortfall Amounts.

The ratings assigned by Moody's to mortgage pass-through certificates address the likelihood of the receipt of all distributions on the Mortgage Loans by the related certificateholders under the agreements pursuant to which the certificates are issued. Moody's ratings take into consideration the credit quality of the related mortgage pool, including any credit support providers, structural and legal aspects associated with the certificates, and the extent to which the payment stream on the mortgage pool is adequate to make the payments required by the certificates. The ratings assigned by Moody's to the Class X-P Certificates do not address the likelihood of collection of prepayment charges or whether investors will recoup their initial investments. The rating assigned by Moody's to the Class A-R Certificates only addresses the return of its Class Certificate Balance. The ratings assigned by Moody's to the LIBOR Certificates do not address the likelihood of any payments of Carryover Shortfall Amounts.

The ratings of the rating agencies assigned to the certificates do not address the possibility that, as a result of principal prepayments, certificateholders may receive a lower than anticipated yield.

The security ratings assigned to the offered certificates should be evaluated independently from similar ratings on other types of securities. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating agencies.

The depositor has not requested a rating of the offered certificates by any rating agency other than the rating agencies listed above; there can be no assurance, however, as to whether any other rating agency will rate the offered certificates or, if it does, what rating would be assigned by such rating agency. The rating assigned by such rating agency to such offered certificates could be lower than the respective ratings assigned by the rating agencies listed above.

Experts

The consolidated financial statements of Ambac Assurance Corporation and subsidiaries as of December 31, 2005 and 2004, and for each of the years in the three-year period ended December 31, 2005, are incorporated by reference in this prospectus supplement and in the registration statement in reliance upon the report of KPMG LLP, independent registered public accounting firm, incorporated by reference in this prospectus supplement, and in the registration statement upon the authority of that firm as experts in accounting and auditing. The report of KPMG LLP refers to changes, in 2003, in Ambac Assurance Corporation's methods of accounting for variable interest entities and stock-based compensation.

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Annex A
Prepayment Charge Schedule

The table below indicates the type of prepayment charge applicable to the Mortgage Loans, the number of years after origination during which each type of prepayment charge applies and the number and aggregate Stated Principal Balance of the Mortgage Loans with each type of prepayment charge.

Prepayment Charge Type	Number of Mortgage Loans	Aggregate Stated Principal Balance
1% on 80% of the prepaid principal balance		-
3 years	4	\$ 1,075,908.80
1% of the prepaid principal balance		
1 year	5	\$ 1,236,612.85
2 years	1	\$ 325,000.00
3 years	42	\$ 9,076,031.27
2% on 80% of the prepaid principal balance		
3 years	2	\$ 753,177.94
2% of the prepaid principal balance		
1 year	16	\$ 5,635,565.08
2 years	2	\$ 444,480.38
3 years	25	\$ 8,680,005.83
2 months interest on 100% of the prepaid principal balance		
1 year	6	\$ 2,084,509.37
3 years	7	\$ 1,609,422.36
2 months interest on 66% of the prepaid principal balance		
1 year	12	\$ 5,141,638.01
3 years	29	\$ 9,864,719.74
2 months interest on 80% of the prepaid principal balance		
1 year	1	\$ 417,489.52
3 years	2	\$ 741,696.67
3 months interest on 100% of the prepaid principal balance		
1 year	22	\$ 9,070,785.65
3 years	2	\$ 502,076.70
5% of the prepaid principal balance		
1 year	5	\$ 1,248,079.41
3 years	13	\$ 2,800,778.42
6 months interest on 80% of the prepaid principal balance		
6 months	2	\$ 377,419.09
1 year	779	\$ 332,734,782.75
2 years	3	\$ 959,358.72
3 years	1,071	\$ 366,328,603.05
No Prepayments	364	\$ 160,212,212.00
Total	2,415	\$ 921,320,353.61

CWALT, INC.

Depositor

Mortgage Backed Securities (Issuable in Series)

Please carefully consider our discussion of some of the risks of investing in the securities under "Risk Factors" beginning on page 2.

The securities will represent obligations of the related trust fund only and will not represent an interest in or obligation of CWALT, Inc., any seller, servicer, or any of their affiliates.

The Trusts

Each trust will be established to hold assets in its trust fund transferred to it by CWALT, Inc. The assets in each trust fund will be specified in the prospectus supplement for the particular trust and will generally consist of:

- first lien mortgage loans secured by one- to four-family residential properties;
- mortgage loans secured by first liens on small multifamily residential properties, such as rental apartment buildings or projects containing five to fifty residential units;
- collections arising from one or more types of the loans described above which are not used to make payments on securities issued by a trust fund, including excess servicing fees and prepayment charges;
- mortgage pass-through securities issued or guaranteed by Ginnie Mae, Fannie Mae, or Freddie Mac; or
- mortgage-backed securities evidencing an interest in, or secured by, loans of the type that would otherwise be eligible to be loans included in a trust fund and issued by entities other than Ginnie Mae, Fannie Mae or Freddie Mac.

The Securities

CWALT, Inc. will sell either certificates or notes pursuant to a prospectus supplement. The securities will be grouped into one or more series, each having its own distinct designation. Each series will be issued in one or more classes and each class will evidence beneficial ownership of (in the case of certificates) or a right to receive payments supported by (in the case of notes) a specified portion of future payments on the assets in the trust fund that the series relates to. A prospectus supplement for a series will specify all of the terms of the series and of each of the classes in the series.

Credit Enhancement

If the securities have any type of credit enhancement, the prospectus supplement for the related series will describe the credit enhancement. The types of credit enhancement are generally described in this prospectus.

Offers of Securities

The securities may be offered through several different methods, including offerings through underwriters.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

November 14, 2006

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**Important Notice About Information in This Prospectus and Each
Accompanying Prospectus Supplement**

Information about each series of securities is contained in two separate documents:

- this prospectus, which provides general information, some of which may not apply to a particular series; and
- the accompanying prospectus supplement for a particular series, which describes the specific terms of the securities of that series.

The prospectus supplement will contain information about a particular series that supplements the information contained in this prospectus, and you should rely on that supplementary information in the prospectus supplement.

You should rely only on the information in this prospectus and the accompanying prospectus supplement. We have not authorized anyone to provide you with information that is different from that contained in this prospectus and the accompanying prospectus supplement.

If you require additional information, the mailing address of our principal executive offices is CWALT, Inc., 4500 Park Granada, Calabasas, California 91302 and the telephone number is (818) 225-3000. For other means of acquiring additional information about us or a series of securities, see “The Trust Fund — Available Information” and “— Incorporation of Certain Documents by Reference; Reports Filed with the SEC” beginning on page 23.

Risk Factors

You should carefully consider the following information since it identifies significant risks associated with an investment in the securities.

Limited Source Of Payments — No Recourse To Sellers, Depositor Or Servicer

The applicable prospectus supplement may provide that securities will be payable from other trust funds in addition to their associated trust fund, but if it does not, they will be payable solely from their associated trust fund. If the trust fund does not have sufficient assets to distribute the full amount due to you as a securityholder, your yield will be impaired, and perhaps even the return of your principal may be impaired, without your having recourse to anyone else. Furthermore, at the times specified in the applicable prospectus supplement, certain assets of the trust fund may be released and paid out to other people, such as the depositor, a servicer, a credit enhancement provider, or any other person entitled to payments from the trust fund. Those assets will no longer be available to make payments to you. Those payments are generally made after other specified payments that may be set forth in the applicable prospectus supplement have been made.

You will not have any recourse against the depositor or any servicer if you do not receive a required distribution on the securities. Nor will you have recourse against the assets of the trust fund of any other series of securities.

The securities will not represent an interest in the depositor, any servicer, any seller to the depositor, or anyone else except the trust fund. The only obligation of the depositor to a trust fund comes from certain representations and warranties made by it about assets transferred to the trust fund. If these representations and warranties turn out to be untrue, the depositor may be required to repurchase some of the transferred assets. CWALT, Inc., which is the depositor, does not have significant assets and is unlikely to have significant assets in the future. So if the depositor were required to repurchase a loan because of a breach of a representation, its only sources of funds for the repurchase would be:

- funds obtained from enforcing a corresponding obligation of a seller or originator of the loan, or
- funds from a reserve fund or similar credit enhancement established to pay for loan repurchases.

The only obligations of the master servicer to a trust fund (other than its master servicing obligations) comes from certain representations and warranties made by it in connection with its loan servicing activities. If these representations and warranties turn out to be untrue, the master servicer may be required to repurchase or substitute for some of the loans. However, the master servicer may not have the financial ability to make the required repurchase or substitution.

The only obligations to a trust fund of a seller of loans to the depositor comes from certain representations and warranties made by it in connection with its sale of the loans and certain document delivery requirements. If these representations and warranties turn out to be untrue, or the seller fails to deliver required documents, it may be

required to repurchase or substitute for some of the loans. However, the seller may not have the financial ability to make the required repurchase or substitution.

Credit Enhancement May Not Be Sufficient To Protect You From Losses

Credit enhancement is intended to reduce the effect of loan losses. But credit enhancements may benefit only some classes of a series of securities and the amount of any credit enhancement will be limited as described in the related prospectus supplement. Furthermore, the amount of a credit enhancement may decline over time pursuant to a schedule or formula or otherwise, and could be depleted from payments or for other reasons before the securities covered by the credit enhancement are paid in full. In addition, a credit enhancement may not cover all potential sources of loss. For example, a credit enhancement may or may not cover fraud or negligence by a loan originator or other parties. Also, all or a portion of the credit enhancement may be reduced, substituted for, or even eliminated so long as the rating agencies rating the securities indicate that the change in credit enhancement would not cause them to change adversely their rating of the securities. Consequently, securityholders may suffer losses even though a credit enhancement exists and its provider does not default.

Nature Of Mortgages
Cooperative Loans May Experience Relatively Higher Losses

Cooperative loans are evidenced by promissory notes secured by security interests in shares issued by private corporations that are entitled to be treated as housing cooperatives under the Internal Revenue Code and in the related proprietary leases or occupancy agreements granting exclusive rights to occupy specific dwelling units in the corporations' buildings.

If there is a blanket mortgage (or mortgages) on the cooperative apartment building and/or underlying land, as is generally the case, the cooperative, as property borrower, is responsible for meeting these mortgage or rental obligations. If the cooperative is unable to meet the payment obligations arising under a blanket mortgage, the mortgagee holding a blanket mortgage could foreclose on that mortgage and terminate all subordinate proprietary leases and occupancy agreements. A foreclosure by the holder of a blanket mortgage could eliminate or significantly diminish the value of any collateral held by the lender who financed an individual tenant-stockholder of cooperative shares or, in the case of the mortgage loans, the collateral securing the cooperative loans.

If there is an underlying lease of the land, as is the case in some instances, the cooperative is responsible for meeting the related rental obligations. If the cooperative is unable to meet its obligations arising under its land lease, the holder of the land lease could terminate the land lease and all subordinate proprietary leases and occupancy agreements. The termination of the land lease by its holder could eliminate or significantly diminish the value of any collateral held by the lender who financed an individual tenant-stockholder of the cooperative shares or, in the case of the mortgage loans, the collateral securing the cooperative loans. A land lease also has an expiration date and the inability of the cooperative to extend its term or, in the alternative, to purchase the land could lead to termination of the cooperative's interest in the property and termination of all proprietary leases and occupancy agreements which could eliminate or significantly diminish the value of the related collateral.

In addition, if the corporation issuing the shares related to the cooperative loans fails to qualify as a cooperative housing corporation under the Internal Revenue Code, the value of the collateral securing the cooperative loan could be significantly impaired because the tenant-stockholders would not be permitted to deduct its proportionate share of certain interest expenses and real estate taxes of the corporation.

The cooperative shares and proprietary lease or occupancy agreement pledged to the lender are, in almost all cases, subject to restrictions on transfer, including obtaining the consent of the cooperative housing corporation prior to the transfer, which may impair the value of the collateral after a default by the borrower due to an inability to find a transferee acceptable to the related housing corporation.

Declines in Property Values May Adversely Affect You

The value of the properties underlying the loans held in the trust fund may decline over time. Among the factors that could adversely affect the value of the properties are:

- an overall decline in the residential real estate market in the areas in which they are located,
- a decline in their general condition from the failure of borrowers to maintain their property adequately, and
- natural disasters that are not covered by insurance, such as earthquakes and floods.

If property values decline, the actual rates of delinquencies, foreclosures, and losses on all underlying loans could be higher than those currently experienced in the mortgage lending industry in general. These losses, to the extent not otherwise covered by a credit enhancement, will be borne by the holder of one or more classes of securities.

Delays in Liquidation May Adversely Affect You

Even if the properties underlying the loans held in the trust fund provide adequate security for the loans, substantial delays could occur before defaulted loans are liquidated and their proceeds are forwarded to investors. Property foreclosure actions are regulated by state statutes and rules and are subject to many of the delays and expenses of other lawsuits if defenses or counterclaims are made, sometimes requiring several years to complete. Furthermore, an action to obtain a deficiency judgment is regulated by statutes and rules, and the amount or availability of a deficiency judgment may be limited by law. In the event of a default by a borrower, these restrictions may impede the ability of the servicer to foreclose on or to sell the mortgaged property or to obtain a deficiency judgment, to obtain sufficient proceeds to repay the loan in full.

In addition, the servicer will be entitled to deduct from liquidation proceeds all expenses reasonably incurred in attempting to recover on the defaulted loan, including legal and appraisal fees and costs, real estate taxes, and property maintenance and preservation expenses.

In the event that:

- the mortgaged properties fail to provide adequate security for the related loans,

- if applicable to a series as specified in the related prospectus supplement, excess cashflow (if any) and overcollateralization (if any) is insufficient to cover these shortfalls,
- if applicable to a series as specified in the related prospectus supplement, the subordination of certain classes are insufficient to cover these shortfalls, and
- with respect to the securities with the benefit of an insurance policy as specified in the related prospectus supplement, the credit enhancement provider fails to make the required payments under the related insurance policies,

you could lose all or a portion of the money you paid for the securities and could also have a lower yield than anticipated at the time you purchased the securities.

*Disproportionate Effect of
Liquidation Expenses May
Adversely Affect You*

Liquidation expenses of defaulted loans generally do not vary directly with the outstanding principal balance of the loan at the time of default. Therefore, if a servicer takes the same steps for a defaulted loan having a small remaining principal balance as it does for a defaulted loan having a large remaining principal balance, the amount realized after expenses is smaller as a percentage of the outstanding principal balance of the small loan than it is for the defaulted loan having a large remaining principal balance.

*Consumer Protection Laws May
Adversely Affect You*

Federal, state and local laws extensively regulate various aspects of brokering, originating, servicing and collecting loans secured by consumers' dwellings. Among other things, these laws may regulate interest rates and other charges, require disclosures, impose financial privacy requirements, mandate specific business practices, and prohibit unfair and deceptive trade practices. In addition, licensing requirements may be imposed on persons that broker, originate, service or collect loans secured by consumers' dwellings.

Additional requirements may be imposed under federal, state or local laws on so-called "high cost mortgage loans," which typically are defined as loans secured by a consumer's dwelling that have interest rates or origination costs in excess of prescribed levels. These laws may limit certain loan terms, such as prepayment charges, or the ability of a creditor to refinance a loan unless it is in the borrower's interest. In addition, certain of these laws may allow claims against loan brokers or originators, including claims based on fraud or misrepresentations, to be asserted against persons acquiring the loans, such as the trust fund.

The federal laws that may apply to loans held in the trust fund include the following:

- the Truth in Lending Act and its regulations, which (among other things) require disclosures to borrowers regarding the terms of loans and provide consumers who pledged their principal dwelling as collateral in a non-purchase money transaction with a right of rescission that generally extends for three days after proper disclosures are given;

- the Home Ownership and Equity Protection Act and its regulations, which (among other things) imposes additional disclosure requirements and limitations on loan terms with respect to non-purchase money, installment loans secured by the consumer's principal dwelling that have interest rates or origination costs in excess of prescribed levels;
- the Real Estate Settlement Procedures Act and its regulations, which (among other things) prohibit the payment of referral fees for real estate settlement services (including mortgage lending and brokerage services) and regulate escrow accounts for taxes and insurance and billing inquiries made by borrowers;
- the Equal Credit Opportunity Act and its regulations, which (among other things) generally prohibit discrimination in any aspect of a credit transaction on certain enumerated basis, such as age, race, color, sex, religion, marital status, national origin or receipt of public assistance; and
- the Fair Credit Reporting Act, which (among other things) regulates the use of consumer reports obtained from consumer reporting agencies and the reporting of payment histories to consumer reporting agencies.

The penalties for violating these federal, state, or local laws vary depending on the applicable law and the particular facts of the situation. However, private plaintiffs typically may assert claims for actual damages and, in some cases, also may recover civil money penalties or exercise a right to rescind the loan. Violations of certain laws may limit the ability to collect all or part of the principal or interest on a loan and, in some cases, borrowers even may be entitled to a refund of amounts previously paid. Federal, state and local administrative or law enforcement agencies also may be entitled to bring legal actions, including actions for civil money penalties or restitution, for violations of certain of these laws.

Depending on the particular alleged misconduct, it is possible that claims may be asserted against various participants in secondary market transactions, including assignees that hold the loans, such as the trust fund. Losses on loans from the application of these federal, state and local laws that are not otherwise covered by one or more forms of credit enhancement will be borne by the holders of one or more classes of securities. Additionally, the trust may experience losses arising from lawsuits related to alleged violations of these laws, which, if not covered by one or more forms of credit enhancement or the related seller, will be borne by the holders of one or more classes of securities.

Losses on Balloon Payment Mortgages Are Borne by You

Some of the mortgage loans held in the trust fund may not be fully amortizing over their terms to maturity and, thus, will require substantial principal payments (that is, balloon payments) at their stated maturity. Loans with balloon payments involve a greater degree of risk than fully amortizing loans because typically the borrower must be able to refinance the loan or sell the property to make the balloon payment at maturity. The ability of a borrower to do this will depend on factors such as mortgage rates at the time of sale or refinancing, the borrower's equity in

Your Risk Of Loss May Be Higher Than You Expect If Your Securities Are Backed By Multifamily Loans

the property, the relative strength of the local housing market, the financial condition of the borrower, and tax laws. Losses on these loans that are not otherwise covered by a credit enhancement will be borne by the holders of one or more classes of securities.

Multifamily lending may expose the lender to a greater risk of loss than single family residential lending. Owners of multifamily residential properties rely on monthly lease payments from tenants to

- pay for maintenance and other operating expenses of those properties,
- fund capital improvements, and
- service any mortgage loan and any other debt that may be secured by those properties.

Various factors, many of which are beyond the control of the owner or operator of a multifamily property, may affect the economic viability of that property.

Changes in payment patterns by tenants may result from a variety of social, legal and economic factors. Economic factors include the rate of inflation, unemployment levels and relative rates offered for various types of housing. Shifts in economic factors may trigger changes in payment patterns including increased risks of defaults by tenants and higher vacancy rates. Adverse economic conditions, either local or national, may limit the amount of rent that can be charged and may result in a reduction in timely lease payments or a reduction in occupancy levels. Occupancy and rent levels may also be affected by construction of additional housing units, competition and local politics, including rent stabilization or rent control laws and policies. In addition, the level of mortgage interest rates may encourage tenants to purchase single family housing. We are unable to determine and have no basis to predict whether, or to what extent, economic, legal or social factors will affect future rental or payment patterns.

The location and construction quality of a particular building may affect the occupancy level as well as the rents that may be charged for individual units. The characteristics of a neighborhood may change over time or in relation to newer developments. The effects of poor construction quality will increase over time in the form of increased maintenance and capital improvements. Even good construction will deteriorate over time if adequate maintenance is not performed in a timely fashion.

Impact Of World Events

The economic impact of the United States' military operations in Iraq and other parts of the world, as well as the possibility of any terrorist attacks domestically or abroad, is uncertain, but could have a material effect on general economic conditions, consumer confidence, and market liquidity. We can give no assurance as to the effect of these events on consumer confidence and the performance of the loans held by trust fund. Any adverse impact resulting from these events would be borne by the holders of one or more classes of the securities.

United States military operations also increase the likelihood of shortfalls under the Servicemembers Civil Relief Act or similar state laws (referred to as the "Relief Act"). The Relief Act provides relief to borrowers who enter active military service and to borrowers in reserve status who are called to active duty after the origination of their loan. The Relief Act provides generally that these borrowers may not be charged interest on a loan in excess of 6% per annum during the period of the borrower's active duty. These shortfalls are not required to be paid by the borrower at any future time and will not be advanced by the servicer, unless otherwise specified in the related prospectus supplement. To the extent these shortfalls reduce the amount of interest paid to the holders of securities with the benefit of an insurance policy, unless otherwise specified in the related prospectus supplement, they will not be covered by the related insurance policy. In addition, the Relief Act imposes limitations that would impair the ability of the servicer to foreclose on an affected loan during the borrower's period of active duty status, and, under some circumstances, during an additional period thereafter.

In addition, pursuant to the laws of various states, under certain circumstances, payments on mortgage loans by residents in such states who are called into active duty with the National Guard or the reserves will be deferred. These state laws may also limit the ability of the servicer to foreclose on the related mortgaged property. This could result in delays or reductions in payment and increased losses on the mortgage loans which would be borne by the securityholders.

You Could Be Adversely Affected By Violations Of Environmental Laws

Federal, state, and local laws and regulations impose a wide range of requirements on activities that may affect the environment, health, and safety. In certain circumstances, these laws and regulations impose obligations on "owners" or "operators" of residential properties such as those that secure the loans held in the trust fund. Failure to comply with these laws and regulations can result in fines and penalties that could be assessed against the trust if it were to be considered an "owner" or "operator" of the related property. A property "owner" or "operator" can also be held liable for the cost of investigating and remediating contamination, regardless of fault, and for personal injury or property damage arising from exposure to contaminants.

In some states, a lien on the property due to contamination has priority over the lien of an existing mortgage. Also, a mortgage lender may be held liable as an "owner" or "operator" for costs associated with the release of hazardous substances from a site, or petroleum from an underground storage tank under certain circumstances. If the trust were to be considered the "owner" or "operator" of a property, it will suffer losses as a result of any liability imposed for environmental hazards on the property.

Ratings Of The Securities Do Not Assure Their Payment

Any class of securities issued under this prospectus and the accompanying prospectus supplement will be rated in one of the rating categories which signifies investment grade by at least one nationally recognized rating agency. A rating is based on the adequacy of the value of the trust assets and any credit enhancement for that class, and reflects the rating agency's assessment of how likely it is that holders of the class of securities will receive the payments to which they are entitled. A rating does not constitute an assessment of how likely it is that principal prepayments on the underlying loans will be made, the degree to which the rate of prepayments might differ from that originally anticipated, or the likelihood that the securities will be redeemed early. A rating is not a recommendation to purchase, hold, or sell securities because it does not address the market price of the securities or the suitability of the securities for any particular investor.

A rating may not remain in effect for any given period of time and the rating agency could lower or withdraw the rating entirely in the future. For example, the rating agency could lower or withdraw its rating due to:

- a decrease in the adequacy of the value of the trust assets or any related credit enhancement,
- an adverse change in the financial or other condition of a credit enhancement provider, or
- a change in the rating of the credit enhancement provider's long-term debt.

The amount, type, and nature of credit enhancement established for a class of securities will be determined on the basis of criteria established by each rating agency rating classes of the securities. These criteria are sometimes based upon an actuarial analysis of the behavior of similar loans in a larger group. That analysis is often the basis upon which each rating agency determines the amount of credit enhancement required for a class. The historical data supporting any actuarial analysis may not accurately reflect future experience, and the data derived from a large pool of similar loans may not accurately predict the delinquency, foreclosure, or loss experience of any particular pool of mortgage loans. Mortgaged properties may not retain their values. If residential real estate markets experience an overall decline in property values such that the outstanding principal balances of the loans held in a particular trust fund and any secondary financing on the related mortgaged properties become equal to or greater than the value of the mortgaged properties, the rates of delinquencies, foreclosures, and losses could be higher than those now generally experienced in the mortgage lending industry. In addition, adverse economic conditions may affect timely payment by mortgagors on their loans whether or not the conditions affect real property values and, accordingly, the rates of delinquencies, foreclosures, and losses in any trust fund. Losses from this that are not covered by a credit enhancement will be borne, at least in part, by the holders of one or more classes of securities.

Book-Entry Registration*Limit on Liquidity*

Securities issued in book-entry form may have only limited liquidity in the resale market, since investors may be unwilling to purchase securities for which they cannot obtain physical instruments.

Limit on Ability to Transfer or Pledge

Transactions in book-entry securities can be effected only through The Depository Trust Company, its participating organizations, its indirect participants, and certain banks. Therefore, your ability to transfer or pledge securities issued in book-entry form may be limited.

Delays in Distributions

You may experience some delay in the receipt of distributions on book-entry securities since the distributions will be forwarded by the trustee to The Depository Trust Company for it to credit the accounts of its participants. In turn, these participants will then credit the distributions to your account either directly or indirectly through indirect participants.

Secondary Market For The Securities May Not Exist

The related prospectus supplement for each series will specify the classes in which the underwriter intends to make a secondary market, but no underwriter will have any obligation to do so. We can give no assurance that a secondary market for the securities will develop or, if it develops, that it will continue. Consequently, you may not be able to sell your securities readily or at prices that will enable you to realize your desired yield. The market values of the securities are likely to fluctuate. Fluctuations may be significant and could result in significant losses to you.

The secondary markets for mortgage backed securities have experienced periods of illiquidity and can be expected to do so in the future. Illiquidity can have a severely adverse effect on the prices of securities that are especially sensitive to prepayment, credit or interest rate risk, or that have been structured to meet the investment requirements of limited categories of investors.

Bankruptcy Or Insolvency May Affect The Timing And Amount Of Distributions On The Securities

Each seller and the depositor will take steps to structure the transfer of the loans held in the trust fund by the seller to the depositor as a sale. The depositor and the trust fund will take steps to structure the transfer of the loans from the depositor to the trust fund as a sale. If these characterizations are correct, then if the seller were to become bankrupt, the loans would not be part of the seller's bankruptcy estate and would not be available to the seller's creditors. On the other hand, if the seller becomes bankrupt, its bankruptcy trustee or one of its creditors may attempt to recharacterize the sale of the loans as a borrowing by the seller, secured by a pledge of the loans. Presenting this position to a bankruptcy court could prevent timely payments on the securities and even reduce the payments on the securities. Additionally, if that argument is successful, the bankruptcy trustee could elect to sell the loans and pay down the securities early. Thus, you could lose the right to future payments of interest, and might suffer reinvestment losses in a lower interest rate environment.

Similarly, if the characterizations of the transfers as sales are correct, then if the depositor were to become bankrupt, the loans would not be part of the depositor's bankruptcy estate and would not be available to the depositor's creditors. On the other hand, if the depositor becomes bankrupt, its bankruptcy trustee or one of its creditors may attempt to recharacterize the sale of the loans as a borrowing by the depositor, secured by a pledge of the loans. Presenting this position to a bankruptcy

court could prevent timely payments on the securities and even reduce the payments on the securities.

If the master servicer becomes bankrupt, the bankruptcy trustee may have the power to prevent the appointment of a successor master servicer. Any related delays in servicing could result in increased delinquencies or losses on the loans. The period during which cash collections may be commingled with the master servicer's own funds before each distribution date for securities will be specified in the applicable prospectus supplement. If the master servicer becomes bankrupt and cash collections have been commingled with the master servicer's own funds, the trust fund will likely not have a perfected interest in those collections. In this case the trust might be an unsecured creditor of the master servicer as to the commingled funds and could recover only its share as a general creditor, which might be nothing. Collections that are not commingled but still in an account of the master servicer might also be included in the bankruptcy estate of the master servicer even though the trust may have a perfected security interest in them. Their inclusion in the bankruptcy estate of the master servicer may result in delays in payment and failure to pay amounts due on the securities.

Federal and state statutory provisions affording protection or relief to distressed borrowers may affect the ability of the secured mortgage lender to realize upon its security in other situations as well. For example, in a proceeding under the federal Bankruptcy Code, a lender may not foreclose on a mortgaged property without the permission of the bankruptcy court. And in certain instances a bankruptcy court may allow a borrower to reduce the monthly payments, change the rate of interest, and alter the mortgage loan repayment schedule for under-collateralized mortgage loans. The effect of these types of proceedings can be to cause delays in receiving payments on the loans underlying securities and even to reduce the aggregate amount of payments on the loans underlying securities.

**The Principal Amount Of Securities
May Exceed The Market Value Of
The Trust Fund Assets**

The market value of the assets relating to a series of securities at any time may be less than the principal amount of the securities of that series then outstanding, plus accrued interest. In the case of a series of notes, after an event of default and a sale of the assets relating to a series of securities, the trustee, the master servicer, the credit enhancer, if any, and any other service provider specified in the related prospectus supplement generally will be entitled to receive the proceeds of that sale to the extent of unpaid fees and other amounts owing to them under the related transaction document prior to distributions to securityholders. Upon any sale of the assets in connection with an event of default, the proceeds may be insufficient to pay in full the principal of and interest on the securities of the related series.

Certain capitalized terms are used in this prospectus to assist you in understanding the terms of the securities. The capitalized terms used in this prospectus are defined on the pages indicated under the caption "Index to Defined Terms" beginning on page 110.

The Trust Fund

General

The securities of each series will represent interests in the assets of the related trust fund, and the notes of each series will be secured by the pledge of the assets of the related trust fund. The trust fund for each series will be held by the trustee for the benefit of the related securityholders. Each trust fund will consist of the trust fund assets (the "Trust Fund Assets") consisting of:

- a pool comprised of loans as specified in the related prospectus supplement, together with payments relating to those loans as specified in the related prospectus supplement;
- a pool comprised of collections arising from one or more types of loans that would otherwise be eligible to be loans included in a trust fund;
- mortgage pass-through securities (the "Agency Securities") issued or guaranteed by Ginnie Mae, Fannie Mae or Freddie Mac; or
- other mortgage pass-through certificates or collateralized mortgage obligations (the "Non-Agency Mortgage-Backed Securities") evidencing an interest in, or secured by, loans of the type that would otherwise be eligible to be loans included in a trust fund.

The pool will be created on the first day of the month of the issuance of the related series of securities or on another date specified in the related prospectus supplement. The securities will be entitled to payment from the assets of the related trust fund or funds or other assets pledged for the benefit of the securityholders, as specified in the related prospectus supplement and will not be entitled to payments in respect of the assets of any other trust fund established by the depositor.*

The Trust Fund Assets will be acquired by the depositor, either directly or through affiliates, from originators or sellers which may be affiliates of the depositor (the "Sellers"), and conveyed without recourse by the depositor to the related trust fund. Loans acquired by the depositor will have been originated in accordance with the underwriting criteria specified below under "Loan Program — Underwriting Standards" or as otherwise described in the related prospectus supplement. See "Loan Program — Underwriting Standards."

The depositor will cause the Trust Fund Assets to be assigned to the trustee named in the related prospectus supplement for the benefit of the holders of the securities of the related series. The master servicer named in the related prospectus supplement will service the Trust Fund Assets, either directly or through other servicing institutions called sub-servicers, pursuant to a Pooling and Servicing Agreement (each, a "Pooling and Servicing Agreement") among the depositor, the master servicer and the trustee with respect to a series consisting of certificates, or a sale and servicing agreement (each, a "Sale and Servicing Agreement") between the trustee and the master servicer with respect to a series consisting of certificates and notes, and will receive a fee for these services. The Pooling and Servicing Agreements and Sale and Servicing Agreements are also referred to as "Master Servicing Agreements") in this prospectus. See "Loan Program" and "The Agreements." With respect to loans serviced by the master servicer through a sub-servicer, the master servicer will remain liable for its servicing obligations under the related Agreement as if the master servicer alone were servicing those loans.

* Whenever the terms pool, certificates, notes and securities are used in this prospectus, those terms will be considered to apply, unless the context indicates otherwise, to one specific pool and the securities of one series including the certificates representing undivided interests in, and/or notes secured by the assets of, a single trust fund consisting primarily of the loans in that pool. Similarly, the term "Pass-Through Rate" will refer to the pass-through rate borne by the certificates and the term interest rate will refer to the interest rate borne by the notes of one specific series, as applicable, and the term trust fund will refer to one specific trust fund.

If so specified in the related prospectus supplement, a trust fund relating to a series of securities may be a business trust, statutory trust or common law trust formed under the laws of the state specified in the related prospectus supplement pursuant to a trust agreement (each, a “Trust Agreement”) between the depositor and the trustee of the trust fund.

As used herein, “Agreement” means, with respect to a series consisting of certificates, the Pooling and Servicing Agreement, and with respect to a series consisting of certificates and notes, the Trust Agreement, the Indenture and the Sale and Servicing Agreement, as the context requires.

With respect to each trust fund, prior to the initial offering of the related series of securities, the trust fund will have no assets or liabilities. No trust fund is expected to engage in any activities other than acquiring, managing and holding the related Trust Fund Assets and other assets contemplated herein and specified in the related prospectus supplement and the proceeds thereof, issuing securities and making payments and distributions thereon and certain related activities. No trust fund is expected to have any source of capital other than its assets and any related credit enhancement.

The applicable prospectus supplement may provide for additional obligations of the depositor, but if it does not, the only obligations of the depositor with respect to a series of securities will be to obtain certain representations and warranties from the sellers and to assign to the trustee for that series of securities the depositor’s rights with respect to the representations and warranties. See “The Agreements — Assignment of the Trust Fund Assets.” The obligations of the master servicer with respect to the loans will consist principally of its contractual servicing obligations under the related Agreement (including its obligation to enforce the obligations of the sub-servicers or sellers, or both, as more fully described herein under “Loan Program — Representations by Sellers; Repurchases” and “The Agreements — Sub-Servicing By Sellers” and “— Assignment of the Trust Fund Assets”) and its obligation, if any, to make certain cash advances in the event of delinquencies in payments on or with respect to the loans in the amounts described herein under “Description of the Securities — Advances.” The obligations of the master servicer to make advances may be subject to limitations, to the extent provided herein and in the related prospectus supplement.

The following is a brief description of the assets expected to be included in the trust funds. If specific information regarding the Trust Fund Assets is not known at the time the related series of securities initially is offered, more general information of the nature described below will be provided in the related prospectus supplement, and specific information will be set forth in a report on Form 8-K to be filed with the Securities and Exchange Commission (the “SEC”) after the initial issuance of the related securities (the “Detailed Description”). A copy of the Agreement with respect to each series of securities will be filed on Form 8-K after the initial issuance of the related securities and will be available for inspection at the corporate trust office of the trustee specified in the related prospectus supplement. A schedule of the loans relating to the series will be attached to the Agreement delivered to the trustee upon delivery of the securities.

The Loans

General. Loans will consist of single family loans or multifamily loans. If so specified, the loans may include cooperative apartment loans (“cooperative loans”) secured by security interests in shares issued by private, non-profit, cooperative housing corporations (“cooperatives”) and in the related proprietary leases or occupancy agreements granting exclusive rights to occupy specific dwelling units in the cooperatives’ buildings. As more fully described in the related prospectus supplement, the loans may be “conventional” loans or loans that are insured or guaranteed by a governmental agency such as the Federal Housing Administration (the “FHA”) or the Department of Veterans’ Affairs (the “VA”).

The applicable prospectus supplement may specify the day on which monthly payments on the loans in a pool will be due, but if it does not, all of the mortgage loans in a pool will have monthly payments due on the first day of each month. The payment terms of the loans to be included in a trust fund will be described in the related prospectus supplement and may include any of the following features or combination thereof or other features described in the related prospectus supplement:

- Interest may be payable at a fixed rate, a rate adjustable from time to time in relation to an index (which will be specified in the related prospectus supplement), a rate that is fixed for a period of time or under certain circumstances and is followed by an adjustable rate, a rate that otherwise varies from time to time, or a rate that is convertible from an adjustable rate to a fixed rate. Changes to an adjustable rate may be subject to periodic limitations, maximum rates, minimum rates or a combination of the limitations. Accrued interest may be deferred and added to the principal of a loan for the periods and under the circumstances as may be specified in the related prospectus supplement. Loans may provide for the payment of interest at a rate lower than the specified interest rate borne by the loan (the "Loan Rate") for a period of time or for the life of the loan, and the amount of any difference may be contributed from funds supplied by the seller of the Property or another source.
- Principal may be payable on a level debt service basis to fully amortize the loan over its term, may be calculated on the basis of an assumed amortization schedule that is significantly longer than the original term to maturity or on an interest rate that is different from the Loan Rate or may not be amortized during all or a portion of the original term. Payment of all or a substantial portion of the principal may be due on maturity, which is referred to as a "balloon payment". Principal may include interest that has been deferred and added to the principal balance of the loan.
- Monthly payments of principal and interest may be fixed for the life of the loan, may increase over a specified period of time or may change from period to period. The terms of a loan may include limits on periodic increases or decreases in the amount of monthly payments and may include maximum or minimum amounts of monthly payments.
- The loans generally may be prepaid at any time. Prepayments of principal may be subject to a prepayment fee, which may be fixed for the life of the loan or may decline over time, and may be prohibited for the life of the loan or for certain periods, which are called lockout periods. Certain loans may permit prepayments after expiration of the applicable lockout period and may require the payment of a prepayment fee in connection with any subsequent prepayment. Other loans may permit prepayments without payment of a fee unless the prepayment occurs during specified time periods. The loans may include "due-on-sale" clauses that permit the mortgagee to demand payment of the entire loan in connection with the sale or certain transfers of the related mortgaged property. Other loans may be assumable by persons meeting the then applicable underwriting standards of the seller.

A trust fund may contain buydown loans that include provisions whereby a third party partially subsidizes the monthly payments of the obligors on the loans during the early years of the loans, the difference to be made up from a buydown fund contributed by the third party at the time of origination of the loan. A buydown fund will be in an amount equal either to the discounted value or full aggregate amount of future payment subsidies. Thereafter, buydown funds are applied to the applicable loan upon receipt by the master servicer of the mortgagor's portion of the monthly payment on the loan. The master servicer administers the buydown fund to ensure that the monthly allocation from the buydown fund combined with the monthly payment received from the mortgagor equals the scheduled monthly payment on the applicable loan. The underlying assumption of buydown plans is that the income of the mortgagor will increase during the buydown period as a result of normal increases in compensation and inflation, so that the mortgagor will be able to meet the full mortgage payments at the end of the buydown period. To the extent that this assumption as to increased income is not fulfilled, the possibility of defaults on buydown loans is increased. The related prospectus supplement will contain information with respect to any buydown loan concerning limitations on the interest rate paid by the mortgagor initially, on annual increases in the interest rate and on the length of the buydown period.

The real property which secures repayment of the loans is referred to as the mortgaged properties and is collectively referred to herein as the "Properties." The loans will be secured by mortgages or deeds of trust or other similar security instruments creating a lien on the Properties. The Properties may be located in any one of the fifty states, the District of Columbia, Guam, Puerto Rico or any other territory of the United States.

Loans with certain Loan-to-Value Ratios and/or certain principal balances may be covered wholly or partially by primary mortgage guaranty insurance policies (each, a "Primary Mortgage Insurance Policy"). The existence, extent and duration of any coverage will be described in the applicable prospectus supplement.

The aggregate principal balance of loans secured by Properties that are owner-occupied will be disclosed in the related prospectus supplement. The applicable prospectus supplement may provide for the basis for representations relating to Single Family Properties, but if it does not, the sole basis for a representation that a given percentage of the loans is secured by Single Family Properties that are owner-occupied will be either (i) the making of a representation by the borrower at origination of the loan either that the underlying Property will be used by the borrower for a period of at least six months every year or that the borrower intends to use the Property as a primary residence or (ii) a finding that the address of the underlying Property is the borrower's mailing address.

Single Family Loans. The mortgaged properties relating to single family loans will consist of detached or semi-detached one- to four-family dwelling units, townhouses, rowhouses, individual condominium units, individual units in planned unit developments, manufactured housing that is permanently affixed and treated as real property under local law, and certain other dwelling units ("Single Family Properties"). Single Family Properties may include vacation and second homes, investment properties, leasehold interests and properties which are used for both residential and commercial purposes. In the case of leasehold interests, the applicable prospectus supplement may provide for the leasehold term, but if it does not, the term of the leasehold will exceed the scheduled maturity of the loan by at least five years.

Multifamily Loans. Mortgaged properties which secure multifamily loans may include small multifamily residential properties such as rental apartment buildings or projects containing five to fifty residential units, including mid-rise and garden apartments. Certain of the multifamily loans may be secured by apartment buildings owned by cooperatives. In those cases, the cooperative owns all the apartment units in the building and all common areas. The cooperative is owned by tenant-stockholders who, through ownership of stock, shares or membership certificates in the corporation, receive proprietary leases or occupancy agreements which confer exclusive rights to occupy specific apartments or units. Generally, a tenant-stockholder of a cooperative must make a monthly payment to the cooperative representing the tenant-stockholder's pro rata share of the cooperative's payments for its mortgage loan, real property taxes, maintenance expenses and other capital or ordinary expenses. Those payments are in addition to any payments of principal and interest the tenant-stockholder must make on any loans to the tenant-stockholder secured by its shares in the cooperative. The cooperative will be directly responsible for building management and, in most cases, payment of real estate taxes and hazard and liability insurance. A cooperative's ability to meet debt service obligations on a multifamily loan, as well as all other operating expenses, will be dependent in large part on the receipt of maintenance payments from the tenant-stockholders, as well as any rental income from units the cooperative might control. Unanticipated expenditures may in some cases have to be paid by special assessments on the tenant-stockholders. No more than 5% of the aggregate Trust Fund Assets for any series, as constituted at the time of the applicable cut-off date (measured by principal balance), will be comprised of multifamily loans.

Additional Information. Each prospectus supplement will contain information, as of the date of the prospectus supplement and to the extent then specifically known to the depositor, with respect to the loans contained in the related pool, including:

- the aggregate outstanding principal balance and the average outstanding principal balance of the loans as of the first day of the month of issuance of the related series of certificates or another date specified in the related prospectus supplement called a cut-off date,
- the type of property securing the loans (e.g., single-family residences, individual units in condominium apartment buildings or in buildings owned by cooperatives, small multifamily properties or other real property),
- the original terms to maturity of the loans,
- the ranges of the principal balances of the loans,

- the earliest origination date and latest maturity date of any of the loans,
- the ranges of the Loan-to-Value Ratios of the loans at origination,
- the Loan Rates or range of Loan Rates borne by the loans, and
- the geographical distribution of the loans.

If specific information respecting the loans is not known to the depositor at the time the related securities are initially offered, more general information of the nature described above will be provided in the detailed description of Trust Fund Assets.

The "Loan-to-Value Ratio" of a loan at any given time is the fraction, expressed as a percentage, the numerator of which is the original principal balance of the related loan and the denominator of which is the Collateral Value of the related Property. The "Collateral Value" of the Property, other than with respect to certain loans the proceeds of which were used to refinance an existing mortgage loan (each, a "Refinance Loan"), will be calculated as described in the prospectus supplement, but if there is no description in the prospectus supplement, it is the lesser of (a) the appraised value determined in an appraisal obtained by the originator at origination of the loan and (b) the sales price for the Property. In the case of Refinance Loans, the "Collateral Value" of the related Property will be calculated as described in the prospectus supplement, but if there is no description in the prospectus supplement, it is generally the appraised value thereof determined in an appraisal obtained at the time of refinancing.

We can give no assurance that values of the Properties have remained or will remain at their levels on the dates of origination of the related loans. If the residential real estate market should experience an overall decline in property values such that the outstanding principal balances of the loans, and any secondary financing on the Properties, in a particular pool become equal to or greater than the value of the Properties, the actual rates of delinquencies, foreclosures and losses could be higher than those now generally experienced in the mortgage lending industry. In addition, adverse economic conditions and other factors (which may or may not affect real property values) may affect the timely payment by borrowers of scheduled payments of principal and interest on the loans and, accordingly, the actual rates of delinquencies, foreclosures and losses with respect to any pool. To the extent that the losses are not covered by subordination provisions or alternative arrangements, the losses will be borne, at least in part, by the holders of the securities of the related series.

Agency Securities

Government National Mortgage Association. Ginnie Mae is a wholly-owned corporate instrumentality of the United States with the United States Department of Housing and Urban Development. Section 306(g) of Title II of the National Housing Act of 1934, as amended, authorizes Ginnie Mae to guarantee the timely payment of the principal of and interest on certificates that represent an interest in a pool of mortgage loans insured by the FHA under the National Housing Act of 1934 or Title V of the Housing Act of 1949, or partially guaranteed by the VA under the Servicemen's Readjustment Act of 1944, as amended, or Chapter 37 of Title 38, United States Code.

Section 306(g) of the National Housing Act of 1934 provides that "the full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection." In order to meet its obligations under that guaranty, Ginnie Mae may, under Section 306(d) of the National Housing Act of 1934, borrow from the United States Treasury in an unlimited amount which is at any time sufficient to enable Ginnie Mae to perform its obligations under its guarantee.

Ginnie Mae Certificates. Each Ginnie Mae certificate held in a trust fund will be a "fully modified pass-through" mortgage backed certificate issued and serviced by a Ginnie Mae issuer approved by Ginnie Mae or by Fannie Mae as a seller-servicer of FHA loans or VA loans. The Ginnie Mae certificates may be issued under either the Ginnie Mae I program or the Ginnie Mae II program. The mortgage loans underlying the Ginnie Mae certificates will consist of FHA loans or VA loans. Each mortgage loan is secured by a one-to four-family or multifamily residential property. Ginnie Mae will approve the issuance of each Ginnie Mae certificate in

accordance with a guaranty agreement between Ginnie Mae and the Ginnie Mae issuer. Pursuant to its guaranty agreement, a Ginnie Mae issuer will be required to advance its own funds in order to make timely payments of all amounts due on each Ginnie Mae certificate if the payments received by the Ginnie Mae issuer on the FHA loans or VA loans underlying each Ginnie Mae certificate are less than the amounts due on each Ginnie Mae certificate.

The full and timely payment of principal of and interest on each Ginnie Mae certificate will be guaranteed by Ginnie Mae, which obligation is backed by the full faith and credit of the United States. Each Ginnie Mae certificate will have an original maturity of not more than 30 years (but may have original maturities of substantially less than 30 years). Each Ginnie Mae certificate will be based on and backed by a pool of FHA loans or VA loans secured by one to four-family residential properties and will provide for the payment by or on behalf of the Ginnie Mae issuer to the registered holder of the Ginnie Mae certificate of scheduled monthly payments of principal and interest equal to the registered holder's proportionate interest in the aggregate amount of the monthly principal and interest payment on each FHA loan or VA loan underlying the Ginnie Mae certificate, less the applicable servicing and guaranty fee, which together equal the difference between the interest on the FHA loan or VA loan and the pass-through rate on the Ginnie Mae certificate. In addition, each payment will include proportionate pass-through payments of any prepayments of principal on the FHA loans or VA loans underlying the Ginnie Mae certificate and liquidation proceeds upon a foreclosure or other disposition of the FHA loans or VA loans.

If a Ginnie Mae issuer is unable to make the payments on a Ginnie Mae certificate as it becomes due, it must promptly notify Ginnie Mae and request Ginnie Mae to make the payment. Upon notification and request, Ginnie Mae will make the payments directly to the registered holder of the Ginnie Mae certificate. If no payment is made by a Ginnie Mae issuer and the Ginnie Mae issuer fails to notify and request Ginnie Mae to make the payment, the holder of the Ginnie Mae certificate will have recourse only against Ginnie Mae to obtain the payment. The trustee or its nominee, as registered holder of the Ginnie Mae certificates held in a trust fund, will have the right to proceed directly against Ginnie Mae under the terms of the guaranty agreements relating to the Ginnie Mae certificates for any amounts that are not paid when due.

All mortgage loans underlying a particular Ginnie Mae I certificate must have the same interest rate over the term of the loan, except in pools of mortgage loans secured by manufactured homes. The interest rate on the Ginnie Mae I certificate will equal the interest rate on the mortgage loans included in the pool of mortgage loans underlying the Ginnie Mae I certificate, less one-half percentage point per annum of the unpaid principal balance of the mortgage loans.

Mortgage loans underlying a particular Ginnie Mae II certificate may have per annum interest rates that vary from each other by up to one percentage point. The interest rate on each Ginnie Mae II certificate will be between one half percentage point and one and one-half percentage points lower than the highest interest rate on the mortgage loans included in the pool of mortgage loans underlying the Ginnie Mae II certificate, except for pools of mortgage loans secured by manufactured homes.

Regular monthly installment payments on each Ginnie Mae certificate held in a trust fund will be comprised of interest due as specified on the Ginnie Mae certificate plus the scheduled principal payments on the FHA loans or VA loans underlying the Ginnie Mae certificate due on the first day of the month in which the scheduled monthly installments on the Ginnie Mae certificate are due. The regular monthly installments on each Ginnie Mae certificate are required to be paid to the trustee as registered holder by the 15th day of each month in the case of a Ginnie Mae I certificate and are required to be mailed to the trustee by the 20th day of each month in the case of a Ginnie Mae II certificate. Any principal prepayments on any FHA loans or VA loans underlying a Ginnie Mae certificate held in a trust fund or any other early recovery of principal on the loans will be passed through to the trustee as the registered holder of the Ginnie Mae certificate.

Ginnie Mae certificates may be backed by graduated payment mortgage loans or by buydown loans for which funds will have been provided (and deposited into escrow accounts) for application to the payment of a portion of the borrowers' monthly payments during the early years of the mortgage loan. Payments due the registered holders of Ginnie Mae certificates backed by pools containing buydown loans will be computed in the same manner as payments derived from other Ginnie Mae certificates and will include amounts to be collected from both the borrower and the related escrow account. The graduated payment mortgage loans will provide for graduated interest payments that, during the early years of the mortgage loans, will be less than the amount of stated

interest on the mortgage loans. The interest not so paid will be added to the principal of the graduated payment mortgage loans and, together with interest on them, will be paid in subsequent years. The obligations of Ginnie Mae and of a Ginnie Mae issuer will be the same irrespective of whether the Ginnie Mae certificates are backed by graduated payment mortgage loans or buydown loans. No statistics comparable to the FHA's prepayment experience on level payment, non-buydown mortgage loans are available for graduated payment or buydown loans. Ginnie Mae certificates related to a series of certificates may be held in book-entry form.

The Ginnie Mae certificates included in a trust fund, and the related underlying mortgage loans, may have characteristics and terms different from those described above. Any different characteristics and terms will be described in the related prospectus supplement.

Federal Home Loan Mortgage Corporation. Freddie Mac is a corporate instrumentality of the United States created pursuant to Title III of the Emergency Home Finance Act of 1970, as amended. The common stock of Freddie Mac is owned by the Federal Home Loan Banks and its preferred stock is owned by stockholders of the Federal Home Loan Banks. Freddie Mac was established primarily to increase the availability of mortgage credit to finance urgently needed housing. It seeks to provide an enhanced degree of liquidity for residential mortgage investments primarily by assisting in the development of secondary markets for conventional mortgages. The principal activity of Freddie Mac currently consists of the purchase of first lien conventional mortgage loans or participation interests in mortgage loans and the sale of the mortgage loans or participations so purchased in the form of mortgage securities, primarily mortgage participation certificates issued and either guaranteed as to timely payment of interest or guaranteed as to timely payment of interest and ultimate payment of principal by Freddie Mac. Freddie Mac is confined to purchasing, so far as practicable, mortgage loans that it deems to be of such quality, type and class as to meet generally the purchase standards imposed by private institutional mortgage investors.

Freddie Mac Certificates. Each Freddie Mac certificate represents an undivided interest in a pool of mortgage loans that may consist of first lien conventional loans, FHA loans or VA loans. Freddie Mac certificates are sold under the terms of a Mortgage Participation Certificate Agreement. A Freddie Mac certificate may be issued under either Freddie Mac's Cash Program or Guarantor Program.

Mortgage loans underlying the Freddie Mac certificates held by a trust fund will consist of mortgage loans with original terms to maturity of between 10 and 40 years. Each mortgage loan must meet the applicable standards set forth in the Emergency Home Finance Act of 1970. A Freddie Mac certificate group may include whole loans, participation interests in whole loans and undivided interests in whole loans and participations comprising another Freddie Mac certificate group. Under the Guarantor Program, a Freddie Mac certificate group may include only whole loans or participation interests in whole loans.

Freddie Mac guarantees to each registered holder of a Freddie Mac certificate the timely payment of interest on the underlying mortgage loans to the extent of the applicable certificate interest rate on the registered holder's pro rata share of the unpaid principal balance outstanding on the underlying mortgage loans in the Freddie Mac certificate group represented by the Freddie Mac certificate, whether or not received. Freddie Mac also guarantees to each registered holder of a Freddie Mac certificate collection by the holder of all principal on the underlying mortgage loans, without any offset or deduction, to the extent of the holder's pro rata share of it, but does not, except if and to the extent specified in the related prospectus supplement for a series of certificates, guarantee the timely payment of scheduled principal. Under Freddie Mac's Gold PC Program, Freddie Mac guarantees the timely payment of principal based on the difference between the pool factor published in the month preceding the month of distribution and the pool factor published in the month of distribution. Pursuant to its guaranties, Freddie Mac indemnifies holders of Freddie Mac certificates against any diminution in principal from charges for property repairs, maintenance and foreclosure. Freddie Mac may remit the amount due on account of its guaranty of collection of principal at any time after default on an underlying mortgage loan, but not later than 30 days following foreclosure sale, 30 days following payment of the claim by any mortgage insurer or 30 days following the expiration of any right of redemption, whichever occurs later, but in any event no later than one year after demand has been made upon the mortgagor for accelerated payment of principal. In taking actions regarding the collection of principal after default on the mortgage loans underlying Freddie Mac certificates, including the timing of demand for acceleration, Freddie Mac reserves the right to exercise its judgment with respect to the mortgage loans in the same manner as for mortgage loans that it has purchased but not sold. The length of time necessary for Freddie Mac

to determine that a mortgage loan should be accelerated varies with the particular circumstances of each mortgagor, and Freddie Mac has not adopted standards which require that the demand be made within any specified period.

Freddie Mac certificates are not guaranteed by the United States or by any Federal Home Loan Bank and do not constitute debts or obligations of the United States or any Federal Home Loan Bank. The obligations of Freddie Mac under its guaranty are obligations solely of Freddie Mac and are not backed by, or entitled to, the full faith and credit of the United States. If Freddie Mac were unable to satisfy its obligations, distributions to holders of Freddie Mac certificates would consist solely of payments and other recoveries on the underlying mortgage loans and, accordingly, monthly distributions to holders of Freddie Mac certificates would be affected by delinquent payments and defaults on the mortgage loans.

Registered holders of Freddie Mac certificates are entitled to receive their monthly pro rata share of all principal payments on the underlying mortgage loans received by Freddie Mac, including any scheduled principal payments, full and partial prepayments of principal and principal received by Freddie Mac by virtue of condemnation, insurance, liquidation or foreclosure, and repurchases of the mortgage loans by Freddie Mac or their seller. Freddie Mac is required to remit each registered Freddie Mac certificateholder's pro rata share of principal payments on the underlying mortgage loans, interest at the Freddie Mac pass-through rate and any other sums such as prepayment fees, within 60 days of the date on which the payments are deemed to have been received by Freddie Mac.

Under Freddie Mac's Cash Program, there is no limitation on the amount by which interest rates on the mortgage loans underlying a Freddie Mac certificate may exceed the pass-through rate on the Freddie Mac certificate. Under that program, Freddie Mac purchases groups of whole mortgage loans from sellers at specified percentages of their unpaid principal balances, adjusted for accrued or prepaid interest, which when applied to the interest rate of the mortgage loans and participations purchased results in the yield required by Freddie Mac. The required yield, which includes a minimum servicing fee retained by the servicer, is calculated using the outstanding principal balance. The range of interest rates on the mortgage loans and participations in a Freddie Mac certificate group under the Cash Program will vary since mortgage loans and participations are purchased and assigned to a Freddie Mac certificate group based upon their yield to Freddie Mac rather than on the interest rate on the underlying mortgage loans. Under Freddie Mac's Guarantor Program, the pass-through rate on a Freddie Mac certificate is established based upon the lowest interest rate on the underlying mortgage loans, minus a minimum servicing fee and the amount of Freddie Mac's management and guaranty income as agreed upon between the seller and Freddie Mac.

Freddie Mac certificates duly presented for registration of ownership on or before the last business day of a month are registered effective as of the first day of the month. The first remittance to a registered holder of a Freddie Mac certificate will be distributed so as to be received normally by the 15th day of the second month following the month in which the purchaser became a registered holder of the Freddie Mac certificate. Thereafter, the remittance will be distributed monthly to the registered holder so as to be received normally by the 15th day of each month. The Federal Reserve Bank of New York maintains book-entry accounts for Freddie Mac certificates sold by Freddie Mac on or after January 2, 1985, and makes payments of principal and interest each month to their registered holders in accordance with the holders' instructions.

Federal National Mortgage Association. Fannie Mae is a federally chartered and privately owned corporation organized and existing under the Federal National Mortgage Association Charter Act, as amended. Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market and was transformed into a stockholder owned and privately-managed corporation by legislation enacted in 1968.

Fannie Mae provides funds to the mortgage market primarily by purchasing mortgage loans from lenders, thereby replenishing their funds for additional lending. Fannie Mae acquires funds to purchase mortgage loans from many capital market investors that may not ordinarily invest in mortgages, thereby expanding the total amount of funds available for housing. Operating nationwide, Fannie Mae helps to redistribute mortgage funds from capital-surplus to capital-short areas.

Fannie Mae Certificates. These are guaranteed mortgage pass-through certificates issued and guaranteed as to timely payment of principal and interest by Fannie Mae representing fractional undivided interests in a pool of mortgage loans formed by Fannie Mae. Each mortgage loan must meet the applicable standards of the Fannie Mae purchase program. Mortgage loans comprising a pool are either provided by Fannie Mae from its own portfolio or purchased pursuant to the criteria of the Fannie Mae purchase program.

Mortgage loans underlying Fannie Mae certificates held by a trust fund will consist of conventional mortgage loans, FHA loans or VA loans. Original maturities of substantially all of the conventional, level payment mortgage loans underlying a Fannie Mae certificate are expected to be between either 8 to 15 years or 20 to 40 years. The original maturities of substantially all of the fixed rate, level payment FHA loans or VA loans are expected to be 30 years. Mortgage loans underlying a Fannie Mae certificate may have annual interest rates that vary by as much as two percentage points from each other. The rate of interest payable on a Fannie Mae certificate is equal to the lowest interest rate of any mortgage loan in the related pool, less a specified minimum annual percentage representing servicing compensation and Fannie Mae's guaranty fee. Under a regular servicing option, the annual interest rates on the mortgage loans underlying a Fannie Mae certificate will be between 50 basis points and 250 basis points greater than is its annual pass through rate. Under this option the mortgagee or each other servicer assumes the entire risk of foreclosure losses. Under a special servicing option, the annual interest rates on the mortgage loans underlying a Fannie Mae certificate will generally be between 55 basis points and 255 basis points greater than the annual Fannie Mae certificate pass-through rate. Under this option Fannie Mae assumes the entire risk for foreclosure losses. If specified in the related prospectus supplement, Fannie Mae certificates may be backed by adjustable rate mortgages.

Fannie Mae guarantees to each registered holder of a Fannie Mae certificate that it will distribute amounts representing the holder's proportionate share of scheduled principal and interest payments at the applicable pass through rate provided for by the Fannie Mae certificate on the underlying mortgage loans, whether or not received, and the holder's proportionate share of the full principal amount of any foreclosed or other finally liquidated mortgage loan, whether or not the principal amount is actually recovered. The obligations of Fannie Mae under its guaranties are obligations solely of Fannie Mae and are not backed by, or entitled to, the full faith and credit of the United States. Although the Secretary of the Treasury of the United States has discretionary authority to lend Fannie Mae up to \$2.25 billion outstanding at any time, neither the United States nor any of its agencies is obligated to finance Fannie Mae's operations or to assist Fannie Mae in any other manner. If Fannie Mae were unable to satisfy its obligations, distributions to holders of Fannie Mae certificates would consist solely of payments and other recoveries on the underlying mortgage loans and, accordingly, monthly distributions to holders of Fannie Mae certificates would be affected by delinquent payments and defaults on the mortgage loans.

Except for Fannie Mae certificates backed by pools containing graduated payment mortgage loans or mortgage loans secured by multifamily projects, Fannie Mae certificates evidencing interests in pools of mortgage loans formed on or after May 1, 1985 are available in book-entry form only. Distributions of principal and interest on each Fannie Mae certificate will be made by Fannie Mae on the 25th day of each month to the persons in whose name the Fannie Mae certificate is entered in the books of the Federal Reserve Banks or registered on the Fannie Mae certificate register as of the close of business on the last day of the preceding month. Distributions on Fannie Mae certificates issued in book-entry form will be made by wire. Distributions on fully registered Fannie Mae certificates will be made by check.

The Fannie Mae certificates included in a trust fund, and the related underlying mortgage loans, may have characteristics and terms different from those described above. Any different characteristics and terms will be described in the related prospectus supplement.

Stripped Mortgage-Backed Securities. Agency Securities may consist of one or more stripped mortgage-backed securities, each as described in this prospectus and in the related prospectus supplement. Each Agency Security will represent an undivided interest in all or part of either the principal distributions (but not the interest distributions) or the interest distributions (but not the principal distributions), or in some specified portion of the principal and interest distributions (but not all the distributions) on certain Freddie Mac, Fannie Mae or Ginnie Mae certificates. The underlying securities will be held under a trust agreement by Freddie Mac, Fannie Mae or Ginnie Mae, each as trustee, or by another trustee named in the related prospectus supplement. The applicable prospectus supplement may specify that Freddie Mac, Fannie Mae or Ginnie Mae will not guarantee each stripped Agency

Security to the same extent it guarantees the underlying securities backing the stripped Agency Security, but if it does not, then Freddie Mac, Fannie Mae or Ginnie Mae will guarantee each stripped Agency Security to the same extent it guarantees the underlying securities backing the stripped Agency Security.

Other Agency Securities. If specified in the related prospectus supplement, a trust fund may include other mortgage pass-through certificates issued or guaranteed by Ginnie Mae, Fannie Mae or Freddie Mac. The characteristics of those mortgage pass-through certificates will be described in the prospectus supplement. If so specified, a combination of different types of Agency Securities may be held in a trust fund.

Non-Agency Mortgage-Backed Securities

Non-Agency Mortgage-Backed Securities may consist of mortgage pass-through certificates or participation certificates evidencing an undivided interest in a pool of mortgage loans or collateralized mortgage obligations secured by mortgage loans. Non-Agency Mortgage-Backed Securities may include stripped mortgage-backed securities representing an undivided interest in all or a part of either the principal distributions (but not the interest distributions) or the interest distributions (but not the principal distributions) or in some specified portion of the principal and interest distributions (but not all the distributions) on certain mortgage loans. Non-Agency Mortgage-Backed Securities will have been issued pursuant to a pooling and servicing agreement, an indenture or similar agreement. The applicable prospectus supplement may provide that the seller/servicer of the underlying mortgage loans will not have entered into a pooling and servicing agreement with a private trustee, but if it does not, the seller/servicer of the underlying mortgage loans will have entered into the pooling and servicing agreement with a private trustee. The private trustee or its agent, or a custodian, will possess the mortgage loans underlying the Non-Agency Mortgage-Backed Security. Mortgage loans underlying a Non-Agency Mortgage-Backed Security will be serviced by a private servicer directly or by one or more subservicers who may be subject to the supervision of the private servicer.

The issuer of the Non-Agency Mortgage-Backed Securities will be a financial institution or other entity engaged generally in the business of mortgage lending, a public agency or instrumentality of a state, local or federal government, or a limited purpose corporation organized for the purpose of, among other things, establishing trusts and acquiring and selling housing loans to the trusts and selling beneficial interests in the trusts. If so specified in the related prospectus supplement, the issuer of Non-Agency Mortgage-Backed Securities may be an affiliate of the depositor. The obligations of the issuer of Non-Agency Mortgage-Backed Securities will generally be limited to certain representations and warranties with respect to the assets conveyed by it to the related trust fund. The issuer of Non-Agency Mortgage-Backed Securities will not have guaranteed any of the assets conveyed to the related trust fund or any of the Non-Agency Mortgage-Backed Securities issued under the pooling and servicing agreement. Additionally, although the mortgage loans underlying the Non-Agency Mortgage-Backed Securities may be guaranteed by an agency or instrumentality of the United States, the Non-Agency Mortgage-Backed Securities themselves will not be so guaranteed.

Distributions of principal and interest will be made on the Non-Agency Mortgage-Backed Securities on the dates specified in the related prospectus supplement. The Non-Agency Mortgage-Backed Securities may be entitled to receive nominal or no principal distributions or nominal or no interest distributions. Principal and interest distributions will be made on the Non-Agency Mortgage-Backed Securities by the private trustee or the private servicer. The issuer of Non-Agency Mortgage-Backed Securities or the private servicer may have the right to repurchase assets underlying the Non-Agency Mortgage-Backed Securities after a certain date or under other circumstances specified in the related prospectus supplement.

The mortgage loans underlying the Non-Agency Mortgage-Backed Securities may consist of fixed rate, level payment, fully amortizing loans or graduated payment mortgage loans, buydown loans, adjustable rate mortgage loans or loans having balloon or other special payment features. The mortgage loans may be secured by first liens on single family residences or multifamily residential properties, such as rental apartment buildings or projects containing five to fifty residential units, or by an assignment of the proprietary lease or occupancy agreement relating to a specific dwelling within a cooperative and the related shares issued by the cooperative.

The prospectus supplement for a series for which the trust fund includes Non-Agency Mortgage-Backed Securities will specify

- the aggregate approximate principal amount and type of the Non-Agency Mortgage-Backed Securities to be included in the trust fund;
- certain characteristics of the mortgage loans that comprise the underlying assets for the Non-Agency Mortgage-Backed Securities including
 - the payment features of the mortgage loans,
 - the approximate aggregate principal balance, if known, of underlying mortgage loans insured or guaranteed by a governmental entity,
 - the servicing fee or range of servicing fees with respect to the mortgage loans and
 - the minimum and maximum stated maturities of the underlying mortgage loans at origination;
- the maximum original term-to-stated maturity of the Non-Agency Mortgage-Backed Securities;
- the weighted average term-to stated maturity of the Non-Agency Mortgage-Backed Securities;
- the pass-through or certificate rate of the Non-Agency Mortgage-Backed Securities;
- the weighted average pass-through or certificate rate of the Non-Agency Mortgage-Backed Securities;
- the issuer of Non-Agency Mortgage-Backed Securities, the private servicer (if other than the issuer of Non-Agency Mortgage-Backed Securities) and the private trustee for the Non-Agency Mortgage-Backed Securities;
- certain characteristics of credit support, if any, such as reserve funds, insurance policies, surety bonds, letters of credit or guaranties relating to the mortgage loans underlying the Non-Agency Mortgage-Backed Securities or to the Non-Agency Mortgage-Backed Securities themselves;
- the terms on which the underlying mortgage loans for the Non-Agency Mortgage-Backed Securities may, or are required to, be purchased before their stated maturity or the stated maturity of the Non-Agency Mortgage-Backed Securities;
- the terms on which mortgage loans may be substituted for those originally underlying the Non-Agency Mortgage-Backed Securities; and
- as appropriate, shall indicate whether the information required to be presented with respect to the Non-Agency Mortgage-Backed Securities as a “significant obligor” is either incorporated by reference, provided directly by the issuer or provided by reference to the Exchange Act filings of another entity.

Non-Agency Mortgage-Backed Securities included in the trust fund for a series of certificates that were issued by an issuer of Non-Agency Mortgage-Backed Securities that is not affiliated with the depositor must be acquired in bona fide secondary market transactions or either have been previously registered under the Securities Act of 1933 or have been held for at least the holding period required to be eligible for sale under Rule 144(k) under the Securities Act of 1933.

Substitution of Trust Fund Assets

Substitution of Trust Fund Assets will be permitted in the event of breaches of representations and warranties with respect to any original Trust Fund Asset or in the event the documentation with respect to any Trust Fund Asset is determined by the trustee to be incomplete. The period during which the substitution will be permitted generally will be indicated in the related prospectus supplement. The related prospectus supplement will describe any other conditions upon which Trust Fund Assets may be substituted for Trust Fund Assets initially included in the Trust Fund.

Available Information

The depositor has filed with the SEC a Registration Statement under the Securities Act of 1933, as amended (the "Securities Act"), covering the securities. This prospectus, which forms a part of the Registration Statement, and the prospectus supplement relating to each series of securities contain summaries of the material terms of the documents referred to in this prospectus and in the prospectus supplement, but do not contain all of the information in the Registration Statement pursuant to the rules and regulations of the SEC. For further information, reference is made to the Registration Statement and its exhibits. The Registration Statement and exhibits can be inspected and copied at prescribed rates at the public reference facilities maintained by the SEC at its Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet website that contains reports, information statements and other information regarding the registrants that file electronically with the SEC, including the depositor. The address of that Internet website is <http://www.sec.gov>. The depositor's SEC Securities Act file number is 333-131630.

This prospectus and any applicable prospectus supplement do not constitute an offer to sell or a solicitation of an offer to buy any securities other than the securities offered by this prospectus and the prospectus supplement nor an offer of the securities to any person in any state or other jurisdiction in which the offer would be unlawful.

Incorporation of Certain Documents by Reference; Reports Filed with the SEC

All distribution reports on Form 10-D and current reports on Form 8-K filed with the SEC for the trust fund referred to in the accompanying prospectus supplement after the date of this prospectus and before the end of the related offering are incorporated by reference in this prospectus and are a part of this prospectus from the date of their filing. Any statement contained in a document incorporated by reference in this prospectus is modified or superseded for all purposes of this prospectus to the extent that a statement contained in this prospectus (or in the accompanying prospectus supplement) or in any other subsequently filed document that also is incorporated by reference differs from that statement. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this prospectus.

The depositor or master servicer on behalf of the trust fund of the related series will file the reports required under the Securities Act and under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These reports include (but are not limited to):

- Reports on Form 8-K (Current Report), following the issuance of the series of securities of the related trust fund, including as Exhibits to the Form 8-K (1) the agreements or other documents specified in the related prospectus supplement, if applicable, (2) the Detailed Description, if applicable, regarding the related Trust Fund Assets and (3) the opinions related to the tax consequences and the legality of the series being issued required to be filed under applicable securities laws;
- Reports on Form 8-K (Current Report), following the occurrence of events specified in Form 8-K requiring disclosure, which are required to be filed within the time-frame specified in Form 8-K related to the type of event;

- Reports on Form 10-D (Asset-Backed Issuer Distribution Report), containing the distribution and pool performance information required on Form 10-D, which are required to be filed 15 days following the distribution date specified in the related prospectus supplement; and
- Reports on Form 10-K (Annual Report), containing the items specified in Form 10-K with respect to a fiscal year and filing or furnishing, as appropriate, the required exhibits.

Neither the depositor nor the master servicer intends to file with the SEC any reports required under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act with respect to a trust fund following completion of the reporting period required by Rule 15d-1 or Regulation 15D under the Exchange Act. Unless specifically stated in the report, the reports and any information included in the report will neither be examined nor reported on by an independent public accountant. Each trust fund formed by the depositor will have a separate file number assigned by the SEC, which is generally not available until filing of the final prospectus supplement related to the series. Reports filed with respect to a trust fund with the SEC after the final prospectus supplement is filed will be available under trust fund's specific number, which will be a series number assigned to the SEC Securities Act file number of the depositor.

The trustee on behalf of any trust fund will provide without charge to each person to whom this prospectus is delivered, on the person's written request, a copy of any or all of the documents referred to above that have been or may be incorporated by reference in this prospectus (not including exhibits to the information that is incorporated by reference unless the exhibits are specifically incorporated by reference into the information that this prospectus incorporates) and any reports filed with the SEC. Requests should be directed to the corporate trust office of the trustee specified in the accompanying prospectus supplement.

Reports to Securityholders

The distribution and pool performance reports filed on Form 10-D will be forwarded to each securityholder as specified in the related prospectus supplement. See "Description of the Securities — Reports to Securityholders." All other reports filed with the SEC concerning the trust fund will be forwarded to securityholders free of charge upon written request to the trustee on behalf of any trust fund, but will not be made available through an Internet website of the depositor, the master servicer or any other party as these reports and exhibits can be inspected and copied at prescribed rates at the public reference facilities maintained by the SEC and can also be viewed electronically at the Internet website of the SEC shown above under "— Available Information."

Use of Proceeds

The net proceeds to be received from the sale of the securities will be applied by the depositor to the purchase of Trust Fund Assets or will be used by the depositor for general corporate purposes. The depositor expects to sell securities in series from time to time, but the timing and amount of offerings of securities will depend on a number of factors, including the volume of Trust Fund Assets acquired by the depositor, prevailing interest rates, availability of funds and general market conditions.

The Depositor

CWALT, Inc., a Delaware corporation (the "depositor"), was incorporated in May 2003 for the limited purpose of acquiring, owning and transferring Trust Fund Assets and selling interests in them or bonds secured by them. The depositor is a limited purpose finance subsidiary of Countrywide Financial Corporation, a Delaware corporation. The depositor maintains its principal office at 4500 Park Granada, Calabasas, California 91302. Its telephone number is (818) 225-3000.

The depositor's obligations after issuance of the securities include delivery of the Trust Fund Assets and certain related documents and instruments, repurchasing Trust Fund Assets in the event of certain breaches of representations or warranties made by the depositor, providing tax-related information to the Trustee and maintaining the trustee's first priority perfected security interest in the Trust Fund Assets.

Neither the depositor nor any of the depositor's affiliates will insure or guarantee distributions on the securities of any series.

Loan Program

The loans will have been purchased by the depositor, either directly or through affiliates, from sellers. The applicable prospectus supplement may provide for the underwriting criteria used in originating the loans, but if it does not, the loans so acquired by the depositor will have been originated in accordance with the underwriting criteria specified below under "Underwriting Standards."

Underwriting Standards

Underwriting standards are applied by or on behalf of a lender to evaluate the borrower's credit standing and repayment ability, and the value and adequacy of the related Property as collateral. In general, a prospective borrower applying for a loan is required to fill out a detailed application designed to provide to the underwriting officer pertinent credit information. As part of the description of the borrower's financial condition, the borrower generally is required to provide a current list of assets and liabilities and a statement of income and expenses, as well as an authorization to apply for a credit report which summarizes the borrower's credit history with local merchants and lenders and any record of bankruptcy. In most cases, an employment verification is obtained from an independent source (typically the borrower's employer) which verification reports, among other things, the length of employment with that organization and the borrower's current salary. If a prospective borrower is self-employed, the borrower may be required to submit copies of signed tax returns. The borrower may also be required to authorize verification of deposits at financial institutions where the borrower has demand or savings accounts.

In determining the adequacy of the property to be used as collateral, an appraisal may be made of each property considered for financing. Except as described in the prospectus supplement, an appraiser is generally required to inspect the property, issue a report on its condition and, if applicable, verify construction, if new, has been completed. The appraisal is generally based on the market value of comparable homes, the estimated rental income (if considered applicable by the appraiser) and the cost of replacing the home.

Each seller's underwriting standards will generally permit loans with loan-to-value ratios at origination of up to 100% depending on the loan program, type and use of the property, creditworthiness of the borrower and debt-to-income ratio. If so specified in the related prospectus supplement, a seller's underwriting criteria may permit loans with loan-to-value ratios at origination in excess of 100%.

Once all applicable employment, credit and property information is received, a determination generally is made as to whether the prospective borrower has sufficient monthly income available to meet monthly housing expenses and other financial obligations and monthly living expenses and to meet the borrower's monthly obligations on the proposed mortgage loan (generally determined on the basis of the monthly payments due in the year of origination) and other expenses related to the mortgaged property such as property taxes and hazard insurance). The underwriting standards applied by sellers, particularly with respect to the level of loan documentation and the mortgagor's income and credit history, may be varied in appropriate cases where factors as low Loan-to-Value Ratios or other favorable credit factors exist.

In the case of a loan secured by a leasehold interest in real property, the title to which is held by a third party lessor, the applicable prospectus supplement may provide for the related representations and warranties of the seller, but if it does not, the related seller will represent and warrant, among other things, that the remaining term of the lease and any sublease is at least as long as the remaining term on the loan.

Certain of the types of loans that may be included in a trust fund are recently developed and may involve additional uncertainties not present in traditional types of loans. For example, certain of those loans may provide for escalating or variable payments by the borrower. These types of loans are underwritten on the basis of a judgment that the borrowers have the ability to make the monthly payments required initially. In some instances, a borrower's income may not be sufficient to permit continued loan payments as the payments increase. These types of loans may also be underwritten primarily upon the basis of Loan-to-Value Ratios or other favorable credit factors.

Qualifications of Sellers

Each seller must be an institution experienced in originating and servicing loans of the type contained in the related pool and must maintain satisfactory facilities to originate and service (either directly or through qualified subservicers) those loans. If a seller does not meet the foregoing qualifications, the related originator must satisfy those qualifications.

Representations by Sellers; Repurchases

Each seller or, in some cases originator, will have made representations and warranties in respect of the loans sold by the seller or originator and evidenced by all, or a part, of a series of securities. The representations and warranties may include, among other things:

- that a lender's policy of title insurance (or other similar form of policy of insurance or an attorney's certificate of title) or a commitment to issue the policy was effective on the date of origination of each loan, other than cooperative loans, and that each policy (or certificate of title as applicable) remained in effect on the applicable cut-off date;
- that the seller had good title to each loan and each loan was subject to no valid offsets, defenses or counterclaims except to the extent that any buydown agreement may forgive certain indebtedness of a borrower;
- that each loan is secured by a valid lien on, or a perfected security interest with respect to, the Property (subject only to permissible liens disclosed, if applicable, title insurance exceptions, if applicable, and certain other exceptions described in the Agreement) and that, to the seller's knowledge, the Property was free of material damage;
- that there were no delinquent tax or assessment liens against the Property;
- that no payment of a principal and interest on a loan was delinquent more than the number of days specified in the related prospectus supplement; and
- that each loan at the time it was originated and on the date of transfer by the seller to the depositor complied in all material respects with all applicable local, state and federal laws.

If so specified in the related prospectus supplement, the representations and warranties of a seller or originator in respect of a loan will be made not as of the cut-off date but as of the date on which the seller or originator sold the loan to the depositor or one of its affiliates. Under those circumstances, a substantial period of time may have elapsed between the sale date and the date of initial issuance of the series of securities evidencing an interest in the loan. Since the representations and warranties of a seller or originator do not address events that may occur following the sale of a loan by the seller or originator, its repurchase obligation described below will not arise if the relevant event that would otherwise have given rise to the repurchase obligation with respect to a loan occurs after the date of sale of the loan by the seller or originator to the depositor or its affiliates. In addition, certain representations, including the condition of the related mortgaged property will be limited to the extent the seller or originator has knowledge and the seller or originator will be under no obligation to investigate the substance of the representation. However, the depositor will not include any loan in the trust fund for any series of securities if anything has come to the depositor's attention that would cause it to believe that the representations and warranties of a seller or originator will not be accurate and complete in all material respects in respect of the loan as of the date of initial issuance of the related series of securities. If the master servicer is also a seller or originator of loans with respect to a particular series of securities, those representations will be in addition to the representations and warranties made by the master servicer in its capacity as a master servicer.

The master servicer or the trustee, if the master servicer is the seller or originator, will promptly notify the relevant seller or originator of any breach of any representation or warranty made by it in respect of a loan which

materially and adversely affects the interests of the securityholders in the loan. If the seller or originator cannot cure the breach within 90 days following notice from the master servicer or the trustee, as the case may be, the applicable prospectus supplement may provide for the seller's or originator's obligations under those circumstances, but if it does not, then the seller or originator will be obligated either

- to repurchase the loan from the trust fund at a price (the "Purchase Price") equal to 100% of the unpaid principal balance of the loan as of the date of the repurchase plus accrued interest on the loan to the first day of the month following the month of repurchase at the Loan Rate (less any Advances or amount payable as related servicing compensation if the seller or originator is the master servicer) or
- substitute for the loan a replacement loan that satisfies the criteria specified in the related prospectus supplement.

If a REMIC election is to be made with respect to a trust fund, the applicable prospectus supplement may provide for the obligations of the master servicer or residual certificateholder, but if it does not, the master servicer or a holder of the related residual certificate generally will be obligated to pay any prohibited transaction tax which may arise in connection with any repurchase or substitution and the trustee must have received a satisfactory opinion of counsel that the repurchase or substitution will not cause the trust fund to lose its status as a REMIC or otherwise subject the trust fund to a prohibited transaction tax. The master servicer may be entitled to reimbursement for that payment from the assets of the related trust fund or from any holder of the related residual certificate. See "Description of the Securities — General." Except in those cases in which the master servicer is the seller or originator, the master servicer will be required under the applicable Agreement to enforce this obligation for the benefit of the trustee and the holders of the securities, following the practices it would employ in its good faith business judgment were it the owner of the loan. This repurchase or substitution obligation will constitute the sole remedy available to holders of securities or the trustee for a breach of representation by a seller or originator.

Neither the depositor nor the master servicer (unless the master servicer is the seller) will be obligated to purchase or substitute a loan if a seller defaults on its obligation to do so, and we can give no assurance that sellers will carry out their respective repurchase or substitution obligations with respect to loans. However, to the extent that a breach of a representation and warranty of a seller may also constitute a breach of a representation made by the master servicer, the master servicer may have a repurchase or substitution obligation as described below under "The Agreements — Assignment of Trust Fund Assets."

Static Pool Data

If specified in the related prospectus supplement, static pool data with respect to the delinquency, cumulative loss and prepayment data for Countrywide Home Loans, Inc. ("Countrywide Home Loans") or any other person specified in the related prospectus supplement will be made available through an Internet website. The prospectus supplement related to each series for which the static pool data is provided through an Internet website will contain the Internet website address to obtain this information. Except as stated below, the static pool data provided through any Internet website will be deemed part of this prospectus and the registration statement of which this prospectus is a part from the date of the related prospectus supplement.

Notwithstanding the foregoing, the following information shall not be deemed part of the prospectus or the registration statement of which this prospectus is a part:

- with respect to information regarding prior securitized pools of Countrywide Home Loans (or the applicable person specified in the related prospectus supplement) that do not include the currently offered pool, information regarding prior securitized pools that were established before January 1, 2006; and
- with respect to information regarding the pool described in the related prospectus supplement, information about the pool for periods before January 1, 2006.

Static pool data may also be provided in the related prospectus supplement or may be provided in the form of a CD-ROM accompanying the related prospectus supplement. The related prospectus supplement will specify how the static pool data will be presented.

Description of the Securities

Each series of certificates will be issued pursuant to separate Pooling and Servicing Agreements. A form of Pooling and Servicing Agreement has been filed as an exhibit to the Registration Statement of which this prospectus forms a part. Each Pooling and Servicing Agreement will be dated as of the related cut-off date, will be among the depositor, the master servicer and the trustee for the benefit of the holders of the securities of the related series. Each series of notes will be issued pursuant to an indenture (the "Indenture") between the related trust fund and the entity named in the related prospectus supplement as trustee with respect to the related series, and the related loans will be serviced by the master servicer pursuant to a Sale and Servicing Agreement. Each Indenture will be dated as of the cut-off date and the Trust Fund Assets will be pledged to the related trustee for the benefit of the holders of the securities of the related series.

A form of Indenture and Sale and Servicing Agreement has been filed as an exhibit to the Registration Statement of which this prospectus forms a part. A series of securities may consist of both notes and certificates. The provisions of each Agreement will vary depending upon the nature of the securities to be issued thereunder and the nature of the related trust fund. The following are descriptions of the material provisions which may appear in each Agreement. The descriptions are subject to, and are qualified in their entirety by reference to, all of the provisions of the Agreement for each series of securities and the applicable prospectus supplement. The depositor will provide a copy of the Agreement (without exhibits) relating to any series without charge upon written request of a holder of record of a security of that series addressed to CWALT, Inc., 4500 Park Granada, Calabasas, California 91302, Attention: Secretary.

General

The securities of each series will be issued in book-entry or fully registered form, in the authorized denominations specified in the related prospectus supplement, will, in the case of certificates, evidence specified beneficial ownership interests in, and in the case of notes, be secured by, the assets of the related trust fund created pursuant to the related Agreement and will not be entitled to payments in respect of the assets included in any other trust fund established by the depositor. The applicable prospectus supplement may provide for guarantees or insurance obtained from a governmental entity or other person, but if it does not, the Trust Fund Assets will not be guaranteed or insured by any governmental entity or other person. Each trust fund will consist of, to the extent provided in the related Agreement,

- the Trust Fund Assets, as from time to time are subject to the related Agreement (exclusive of any amounts specified in the related prospectus supplement ("Retained Interest")), including all payments of interest and principal received with respect to the loans after the cut-off date (to the extent not applied in computing the principal balance of the loans as of the cut-off date (the "Cut-off Date Principal Balance"));
- the assets required to be deposited in the related Security Account from time to time;
- property which secured a loan and which is acquired on behalf of the securityholders by foreclosure or deed in lieu of foreclosure; and
- any insurance policies or other forms of credit enhancement required to be maintained pursuant to the related Agreement.

If so specified in the related prospectus supplement, a trust fund may also include one or more of the following: reinvestment income on payments received on the Trust Fund Assets, a reserve fund, a mortgage pool insurance policy, a special hazard insurance policy, a bankruptcy bond, one or more letters of credit, a surety bond, guaranties or similar instruments.

Each series of securities will be issued in one or more classes. Each class of certificates of a series will evidence beneficial ownership of a specified percentage (which may be 0%) or portion of future interest payments and a specified percentage (which may be 0%) or portion of future principal payments on, and each class of notes of a series will be secured by, the related Trust Fund Assets. A series of securities may include one or more classes that are senior in right to payment to one or more other classes of securities of that series. Certain series or classes of securities may be covered by insurance policies, surety bonds or other forms of credit enhancement, in each case as described under "Credit Enhancement" herein and in the related prospectus supplement. One or more classes of securities of a series may be entitled to receive distributions of principal, interest or any combination thereof. Distributions on one or more classes of a series of securities may be made prior to one or more other classes, after the occurrence of specified events, in accordance with a schedule or formula or on the basis of collections from designated portions of the related Trust Fund Assets, in each case as specified in the related prospectus supplement. The timing and amounts of the distributions may vary among classes or over time as specified in the related prospectus supplement.

Distributions of principal and interest (or, where applicable, of principal only or interest only) on the related securities will be made by the trustee on each distribution date (i.e., monthly, quarterly, semi-annually or at the other intervals and on the dates as are specified in the related prospectus supplement) in proportion to the percentages specified in the related prospectus supplement. Distributions will be made to the persons in whose names the securities are registered at the close of business on the dates specified in the related prospectus supplement (each, a "Record Date"). Distributions will be made in the manner specified in the related prospectus supplement to the persons entitled thereto at the address appearing in the register maintained for holders of securities (the "Security Register"); provided, however, that the final distribution in retirement of the securities will be made only upon presentation and surrender of the securities at the office or agency of the trustee or other person specified in the notice to securityholders of the final distribution.

The securities will be freely transferable and exchangeable at the Corporate Trust Office of the trustee as set forth in the related prospectus supplement. No service charge will be made for any registration of exchange or transfer of securities of any series, but the trustee may require payment of a sum sufficient to cover any related tax or other governmental charge.

Certain Issues Related to the Suitability of Investments in the Securities for Holders. Under current law the purchase and holding of certain classes of certificates by or on behalf of any employee benefit plan or other retirement arrangement subject to provisions of the Employee Retirement Income Security Act of 1974, as amended, or the Internal Revenue Code of 1986, as amended (the "Code") may result in "prohibited transactions" within the meaning of ERISA and the Code. See "ERISA Considerations." Retirement arrangements subject to these provisions include individual retirement accounts and annuities, Keogh plans and collective investment funds in which the plans, accounts or arrangements are invested. The applicable prospectus supplement may specify other conditions under which transfers of this type would be permitted, but if it does not, transfer of the certificates will not be registered unless the transferee represents that it is not, and is not purchasing on behalf of, a plan, account or other retirement arrangement or provides an opinion of counsel satisfactory to the trustee and the depositor that the purchase of the certificates by or on behalf of a plan, account or other retirement arrangement is permissible under applicable law and will not subject the trustee, the master servicer or the depositor to any obligation or liability in addition to those undertaken in the pooling and servicing agreement.

As to each series, an election may be made to treat the related trust fund or designated portions thereof as one or more "real estate mortgage investment conduits" ("REMICs") as defined in the Code. The related prospectus supplement will specify whether one or more REMIC elections are to be made. Alternatively, the Agreement for a series may provide that one or more REMIC elections may be made at the discretion of the depositor or the master servicer and may only be made if certain conditions are satisfied. The terms and provisions applicable to the making of a REMIC election for each related series, if applicable, will be set forth in the related prospectus supplement. If one or more REMIC elections are made with respect to a series, one of the classes will be designated as evidencing the sole class of "residual interests" in the related REMIC, as defined in the Code. All other classes of securities in the series will constitute "regular interests" in the related REMIC or REMICs, as applicable, as defined in the Code. As to each series with respect to which one or more REMIC elections are to be made, the master servicer or a holder of the related residual certificate will be obligated to take all actions required in order to comply with applicable laws and regulations and will be obligated to pay any prohibited transaction taxes. Unless otherwise provided in the

related prospectus supplement, the master servicer will be entitled to reimbursement if it makes any prohibited transaction tax payment from the assets of the trust fund or from any holder of the related residual certificate. Unless otherwise specified in the related prospectus supplement, if the amounts distributable to related residual certificates are insufficient to cover the amount of any prohibited transaction taxes, the amount necessary to reimburse the master servicer may be deducted from the amounts otherwise payable to the other classes of certificates of the series.

Distributions on Securities

General. In general, the method of determining the amount of distributions on a particular series of securities will depend on the type of credit support, if any, that is used with respect to the related series. See “Credit Enhancement.” Set forth below are descriptions of various methods that may be used to determine the amount of distributions on the securities of a particular series. The prospectus supplement for each series of securities will describe the method to be used in determining the amount of distributions on the securities of the related series.

Distributions allocable to principal and interest on the securities will be made by the trustee out of, and only to the extent of, funds in the related Security Account, including any funds transferred from any reserve fund or the pre-funding account. As between securities of different classes and as between distributions of principal (and, if applicable, between distributions of Principal Prepayments, as defined below, and scheduled payments of principal) and interest, distributions made on any distribution date will be applied as specified in the related prospectus supplement. The prospectus supplement will also describe the method for allocating distributions among securities of a particular class, but if the prospectus supplement does not, distributions to any class of securities will be made pro rata to all securityholders of that class.

Available Funds. All distributions on the securities of each series on each distribution date will be made from the Available Funds described below, in accordance with the terms described in the related prospectus supplement and specified in the Agreement. The applicable prospectus supplement may define Available Funds with references to different accounts or different amounts, but if it does not, “Available Funds” for each distribution date will generally equal the amount on deposit in the related Security Account on that distribution date (net of related fees and expenses payable by the related trust fund) other than amounts to be held therein for distribution on future distribution dates.

Distributions of Interest. Interest will accrue on the aggregate principal balance of the securities (or, in the case of securities entitled only to distributions allocable to interest, the aggregate notional amount) of each class of securities (the “Class Security Balance”) entitled to interest from the date, at the Pass-Through Rate or interest rate, as applicable (which in either case may be a fixed rate or rate adjustable as specified in the related prospectus supplement), and for the periods specified in the related prospectus supplement. To the extent funds are available therefor, interest accrued during each specified period on each class of securities entitled to interest (other than a class of securities that provides for interest that accrues, but is not currently payable) will be distributable on the distribution dates specified in the related prospectus supplement until the aggregate Class Security Balance of the securities of that class has been distributed in full or, in the case of securities entitled only to distributions allocable to interest, until the aggregate notional amount of those securities is reduced to zero or for the period of time designated in the related prospectus supplement. The original Class Security Balance of each security will equal the aggregate distributions allocable to principal to which the security is entitled. The applicable prospectus supplement may specify some other basis for these distributions, but if it does not, distributions allocable to interest on each security that is not entitled to distributions allocable to principal will be calculated based on the notional amount of the security. The notional amount of a security will not evidence an interest in or entitlement to distributions allocable to principal but will be used solely for convenience in expressing the calculation of interest and for certain other purposes.

Interest payable on the securities of a series on a distribution date will include all interest accrued during the period specified in the related prospectus supplement. In the event interest accrues over a period ending two or more days prior to a distribution date, the effective yield to securityholders will be reduced from the yield that would otherwise be obtainable if interest payable on the security were to accrue through the day immediately preceding that distribution date, and the effective yield (at par) to securityholders will be less than the indicated coupon rate.

With respect to any class of accrual securities, if specified in the related prospectus supplement, any interest that has accrued but is not paid on a given distribution date will be added to the aggregate Class Security Balance of that class of securities on that distribution date. The applicable prospectus supplement may specify some other basis for these distributions, but if it does not, distributions of interest on any class of accrual securities will commence only after the occurrence of the events specified in the related prospectus supplement. Prior to that time, in the aggregate Class Security Balance of the class of accrual securities will increase on each distribution date by the amount of interest that accrued during the preceding interest accrual period but that was not required to be distributed to the class on that distribution date. Thereafter the class of accrual securities accrue interest on its outstanding Class Security Balance as so adjusted.

Distributions of Principal. The related prospectus supplement will specify the method by which the amount of principal to be distributed on the securities on each distribution date will be calculated and the manner in which the amount will be allocated among the classes of securities entitled to distributions of principal. The aggregate Class Security Balance of any class of securities entitled to distributions of principal generally will be the aggregate original Class Security Balance of the class of securities specified in the prospectus supplement,

- reduced by all distributions reported to the holders of the class of securities as allocable to principal;
- in the case of accrual securities, in general, increased by all interest accrued but not then distributable on the accrual securities;
- in the case of adjustable rate securities, subject to the effect of negative amortization, if applicable; and
- if specified in the related prospectus supplement, reduced by the amount of any losses allocated to the Class Security Balance of the class of securities.

If so provided in the related prospectus supplement, one or more classes of securities will be entitled to receive all or a disproportionate percentage of the payments of principal which are received from borrowers in advance of their scheduled due dates and are not accompanied by amounts representing scheduled interest due after the month in which the payment is made ("Principal Prepayments") in the percentages and under the circumstances or for the periods specified in the prospectus supplement. The effect of this allocation of Principal Prepayments to the class or classes of securities will be to accelerate the amortization of those securities while increasing the interests evidenced by one or more other classes of securities in the trust fund. Increasing the interests of the other classes of securities relative to that of certain securities is intended to preserve the availability of the subordination provided by the securities for which the interests have been increased. See "Credit Enhancement — Subordination."

Unscheduled Distributions. If specified in the related prospectus supplement, the securities will be subject to receipt of distributions before the next scheduled distribution date under the circumstances and in the manner described below and in the prospectus supplement. If applicable, the trustee will be required to make unscheduled distributions on the day and in the amount specified in the related prospectus supplement if, due to substantial payments of principal (including Principal Prepayments) on the Trust Fund Assets, the trustee or the master servicer determines that the funds available or anticipated to be available from the Security Account and, if applicable, any reserve fund, may be insufficient to make required distributions on the securities on that distribution date. The applicable prospectus supplement may provide for limits on the amount of an unscheduled distribution, but if it does not, the amount of any unscheduled distribution that is allocable to principal will not exceed the amount that would otherwise have been required to be distributed as principal on the securities on the next distribution date. The applicable prospectus supplement may specify whether the unscheduled distribution will include interest, but if it does not, the unscheduled distributions will include interest at the applicable Pass-Through Rate (if any) or interest rate (if any) on the amount of the unscheduled distribution allocable to principal for the period and to the date specified in the prospectus supplement.

Advances

To the extent provided in the related prospectus supplement, the master servicer will be required to advance on or before each distribution date (from its own funds, funds advanced by sub-servicers or funds held in the

Security Account for future distributions to the holders of securities of the related series), an amount equal to the aggregate of payments of interest and/or principal that were delinquent on the related Determination Date (as the term is defined in the related prospectus supplement) and were not advanced by any sub-servicer, subject to the master servicer's determination that the advances may be recoverable out of late payments by borrowers, Liquidation Proceeds, Insurance Proceeds or otherwise. In the case of cooperative loans, the master servicer also may be required to advance any unpaid maintenance fees and other charges under the related proprietary leases as specified in the related prospectus supplement.

In making advances, the master servicer will endeavor to maintain a regular flow of scheduled interest and principal payments to holders of the securities, rather than to guarantee or insure against losses. If advances are made by the master servicer from cash being held for future distribution to securityholders, the master servicer will replace those funds on or before any future distribution date to the extent that funds in the applicable Security Account on the future distribution date would be less than the amount required to be available for distributions to securityholders on that distribution date. Any master servicer funds advanced will be reimbursable to the master servicer out of recoveries on the specific loans with respect to which the advances were made (e.g., late payments made by the related borrower, any related Insurance Proceeds, Liquidation Proceeds or proceeds of any loan purchased by the depositor, a sub-servicer or a seller pursuant to the related Agreement). Advances by the master servicer (and any advances by a sub-servicer) also will be reimbursable to the master servicer (or sub-servicer) from cash otherwise distributable to securityholders (including the holders of Senior securities) to the extent that the master servicer determines that the advance or advances previously made are not ultimately recoverable as described above. To the extent provided in the related prospectus supplement, the master servicer also will be obligated to make advances, to the extent recoverable out of Insurance Proceeds, Liquidation Proceeds or otherwise, in respect of certain taxes and insurance premiums not paid by borrowers on a timely basis. Funds so advanced are reimbursable to the master servicer to the extent permitted by the related Agreement. The obligations of the master servicer to make advances may be supported by a cash advance reserve fund, a surety bond or other arrangement of the type described herein under "Credit Enhancement," in each case as described in the related prospectus supplement.

In the event the master servicer or a sub-servicer fails to make a required advance, the applicable prospectus supplement may specify whether another party will have advancing obligations, but if it does not, the trustee will be obligated to make the advance in its capacity as successor servicer. If the trustee makes an advance, it will be entitled to be reimbursed for the advance to the same extent and degree as the master servicer or a sub-servicer is entitled to be reimbursed for advances. See "Description of the Securities — Distributions on Securities."

Reports to Securityholders

Prior to or concurrently with each distribution on a distribution date the master servicer or the trustee will furnish to each securityholder of record of the related series a statement setting forth, to the extent applicable to the related series of securities, among other things:

- the amount of the distribution allocable to principal, separately identifying the aggregate amount of any Principal Prepayments and if so specified in the related prospectus supplement, any applicable prepayment charges included therein;
- the amount of the distribution allocable to interest;
- the amount of any advance;
- the aggregate amount (a) otherwise allocable to the holders of Subordinate Securities on the distribution date, and (b) withdrawn from the reserve fund or the pre-funding account, if any, that is included in the amounts distributed to the Senior Securityholders;
- the outstanding principal balance or notional amount of each class of the related series after giving effect to the distribution of principal on the distribution date;

- the percentage of principal payments on the loans (excluding prepayments), if any, which each class of the related securities will be entitled to receive on the following distribution date;
- the percentage of Principal Prepayments on the loans, if any, which each class of the related securities will be entitled to receive on the following distribution date;
- the related amount of the servicing compensation retained or withdrawn from the Security Account by the master servicer, and the amount of additional servicing compensation received by the master servicer attributable to penalties, fees, excess Liquidation Proceeds and other similar charges and items;
- the number and aggregate principal balances of loans (A) delinquent (exclusive of loans in foreclosure) 1 to 30 days, 31 to 60 days, 61 to 90 days and 91 or more days and (B) in foreclosure and delinquent 1 to 30 days, 31 to 60 days, 61 to 90 days and 91 or more days, as of the close of business on the last day of the calendar month preceding the distribution date;
- the book value of any real estate acquired through foreclosure or grant of a deed in lieu of foreclosure;
- the Pass-Through Rate or interest rate, as applicable, if adjusted from the date of the last statement, of each class of the related series expected to be applicable to the next distribution to the class;
- if applicable, the amount remaining in any reserve fund or the pre-funding account at the close of business on the distribution date;
- the Pass-Through Rate or interest rate, as applicable, as of the day prior to the immediately preceding distribution date; and
- any amounts remaining under letters of credit, pool policies or other forms of credit enhancement.

Where applicable, any amount set forth above may be expressed as a dollar amount per single security of the relevant class having the percentage interest specified in the related prospectus supplement. The report to securityholders for any series of securities may include additional or other information of a similar nature to that specified above.

In addition, within a reasonable period of time after the end of each calendar year, the master servicer or the trustee will mail to each securityholder of record at any time during the related calendar year a report (a) as to the aggregate of amounts reported pursuant to the first two items above for the related calendar year or, in the event the person was a securityholder of record during a portion of that calendar year, for the applicable portion of the year and (b) other customary information as may be deemed necessary or desirable for securityholders to prepare their tax returns.

Categories of Classes of Securities

The securities of any series may be comprised of one or more classes. These classes, in general, fall into different categories. The following chart identifies and generally defines certain of the more typical categories. The prospectus supplement for a series of securities may identify the classes which comprise the related series by reference to the following categories.

Categories of Classes	Definitions
Principal Types	
Accretion Directed.....	A class that receives principal payments from the accreted interest from specified Accrual classes. An accretion directed class also may receive principal payments from principal paid on the underlying Trust Fund Assets for the related series.
Companion Class.....	A class that receives principal payments on any distribution date only if scheduled payments have been made on specified planned principal classes, targeted principal classes or scheduled principal classes.
Component Securities.....	A class consisting of “components.” The components of a class of component securities may have different principal and/or interest payment characteristics but together constitute a single class. Each component of a class of component securities may be identified as falling into one or more of the categories in this chart.
Non-Accelerated Senior or NAS	A class that, for the period of time specified in the related prospectus supplement, generally will not receive (in other words, is locked out of) (1) principal prepayments on the underlying Trust Fund Assets that are allocated disproportionately to the senior securities because of the shifting interest structure of the securities in the trust and/or (2) scheduled principal payments on the underlying Trust Fund Assets, as specified in the related prospectus supplement. During the lock-out period, the portion of the principal distributions on the underlying Trust Fund Assets that the NAS class is locked out of will be distributed to the other classes of senior securities.
Notional Amount Securities	A class having no principal balance and bearing interest on the related notional amount. The notional amount is used for purposes of the determination of interest distributions.
Planned Principal Class or PACs.....	A class that is designed to receive principal payments using a predetermined principal balance schedule derived by assuming two constant prepayment rates for the underlying Trust Fund Assets. These two rates are the endpoints for the “structuring range” for the planned principal class. The planned principal classes in any series of certificates may be subdivided into different categories (e.g., primary planned principal classes, secondary planned principal classes and so forth) having different effective structuring ranges and different principal payment priorities. The structuring range for the secondary planned principal class of a series of certificates will be narrower than that for the primary planned principal class of the series.
Scheduled Principal Class	A class that is designed to receive principal payments using a predetermined principal balance schedule but is not designated as a Planned Principal Class or Targeted Principal Class. In many cases, the schedule is derived by assuming two constant prepayment rates for the underlying Trust Fund Assets. These two rates are the endpoints for the “structuring range” for the scheduled principal class.
Sequential Pay	Classes that receive principal payments in a prescribed sequence, that do not have predetermined principal balance schedules and that under all

Categories of Classes	Definitions
	circumstances receive payments of principal continuously from the first distribution date on which they receive principal until they are retired. A single class that receives principal payments before or after all other classes in the same series of securities may be identified as a sequential pay class.
Strip	A class that receives a constant proportion, or “strip,” of the principal payments on the underlying Trust Fund Assets.
Super Senior	A class that will not bear its proportionate share of realized losses (other than excess losses) as its share is directed to another class, referred to as the “support class” until the class principal balance of the support class is reduced to zero.
Support Class	A class that absorbs the realized losses other than excess losses that would otherwise be allocated to a Super Senior Class (or would not otherwise be allocated to the Senior Class) after the related Classes of subordinate securities are no longer outstanding.
Targeted Principal Class or TACs	A class that is designed to receive principal payments using a predetermined principal balance schedule derived by assuming a single constant prepayment rate for the underlying Trust Fund Assets.

Interest Types

Fixed Rate	A class with an interest rate that is fixed throughout the life of the class.
Floating Rate or Adjustable Rate	A class with an interest rate that resets periodically based upon a designated index and that varies directly with changes in the index.
Inverse Floating Rate	A class with an interest rate that resets periodically based upon a designated index and that varies inversely with changes in the index.
Variable Rate	A class with an interest rate that resets periodically and is calculated by reference to the rate or rates of interest applicable to specified assets or instruments (e.g., the Loan Rates borne by the underlying loans).
Interest Only	A class that receives some or all of the interest payments made on the underlying Trust Fund Assets and little or no principal. Interest Only classes have either a nominal principal balance or a notional amount. A nominal principal balance represents actual principal that will be paid on the class. It is referred to as nominal since it is extremely small compared to other classes. A notional amount is the amount used as a reference to calculate the amount of interest due on an Interest Only class that is not entitled to any distributions in respect of principal.
Principal Only	A class that does not bear interest and is entitled to receive only distributions in respect of principal.
Partial Accrual	A class that accretes a portion of the amount of accrued interest thereon, which amount will be added to the principal balance of the class on each

Categories of Classes	Definitions
	applicable distribution date, with the remainder of the accrued interest to be distributed currently as interest on the Partial Accrual class. This accretion may continue until a specified event has occurred or until the Partial Accrual class is retired.
Accrual	A class that accretes the amount of accrued interest otherwise distributable on the Accrual class, which amount will be added as principal to the principal balance of the Accrual class on each applicable distribution date. This accretion may continue until some specified event has occurred or until the Accrual class is retired.
Callable.....	A class that is redeemable or terminable when 25% or more of the original principal balance of the mortgage loans held in the trust fund is outstanding.

Other types of securities that may be issued include classes that are entitled to receive only designated portions of the collections on the Trust Fund Assets (i.e. prepayment charges) or excess cashflow from all or designated portions of the Trust Fund Assets (sometimes referred to as “residual classes”).

Indices Applicable to Floating Rate and Inverse Floating Rate Classes

LIBOR

The applicable prospectus supplement may specify some other basis for determining LIBOR, but if it does not, on the LIBOR determination date (as defined in the related prospectus supplement) for each class of certificates of a series for which the applicable interest rate is determined by reference to an index denominated as LIBOR, the person designated in the related Pooling and Servicing Agreement as the calculation agent will determine LIBOR in accordance with one of the three methods described below (which method will be specified in the related prospectus supplement):

Bloomberg Method

Unless otherwise specified in the related prospectus supplement, if using this method to calculate LIBOR, the calculation agent will determine LIBOR on the basis of the rate for U.S. dollar deposits for the period specified in the prospectus supplement quoted on the Bloomberg Terminal for the related interest determination date (as defined in the related prospectus supplement). If the rate does not appear on the Bloomberg Terminal (or if this service is no longer offered, another service for displaying LIBOR or comparable rates as may be reasonably selected by the calculation agent), LIBOR for the applicable accrual period will be the Reference Bank Rate.

“Reference Bank Rate” with respect to any accrual period, means

(a) the arithmetic mean (rounded upwards, if necessary, to the nearest whole multiple of 0.03125%) of the offered rates for United States dollar deposits for one month that are quoted by the reference banks as of 11:00 a.m., New York City time, on the related interest determination date to prime banks in the London interbank market, provided that at least two reference banks provide the rate; and

(b) If fewer than two offered rates appear, the Reference Bank Rate will be the arithmetic mean (rounded upwards, if necessary, to the nearest whole multiple of 0.03125%) of the rates quoted by one or more major banks in New York City, selected by the calculation agent, as of 11:00 a.m., New York City time, on the related interest determination date for loans in U.S. dollars to leading European banks.

Each reference bank will be a leading bank engaged in transactions in Eurodollar deposits in the international Eurocurrency market; will not control, be controlled by, or be under common control with the

depositor, Countrywide Home Loans or the master servicer; and will have an established place of business in London. If a reference bank should be unwilling or unable to act as a reference bank or if appointment of a reference bank is terminated, another leading bank meeting the criteria specified above will be appointed.

If these quotations cannot be obtained by the calculation agent and no Reference Bank Rate is available, LIBOR will be LIBOR applicable to the preceding interest accrual period.

LIBO Method

Unless otherwise specified in the related prospectus supplement, if using this method to calculate LIBOR, the calculation agent will determine LIBOR on the basis of the rate for U.S. dollar deposits for the period specified in the prospectus supplement that appears on Telerate Screen Page 3750 as of 11:00 a.m. (London time) on the interest determination date (as defined in the related prospectus supplement). If the rate does not appear on the Telerate Screen Page 3750 (or any page that may replace the page on that service, or if this service is no longer offered, another service for displaying LIBOR or comparable rates as may be reasonably selected by the calculation agent), LIBOR for the applicable accrual period will be the Reference Bank Rate.

BBA Method

If using this method of determining LIBOR, the calculation agent will determine LIBOR on the basis of the British Bankers' Association "Interest Settlement Rate" for one-month deposits in United States dollars as found on Telerate page 3750 as of 11:00 a.m. London time on each LIBOR determination date. Interest Settlement Rates currently are based on rates quoted by eight British Bankers' Association designated banks as being, in the view of the banks, the offered rate at which deposits are being quoted to prime banks in the London interbank market. The Interest Settlement Rates are calculated by eliminating the two highest rates and the two lowest rates, averaging the four remaining rates, carrying the result (expressed as a percentage) out to six decimal places, and rounding to five decimal places.

If on any LIBOR determination date, the calculation agent is unable to calculate LIBOR in accordance with the method set forth in the immediately preceding paragraph, LIBOR for the next interest accrual period shall be calculated in accordance with the LIBOR method described under "LIBO Method."

The establishment of LIBOR on each LIBOR determination date by the calculation agent and its calculation of the rate of interest for the applicable classes for the related interest accrual period shall (in the absence of manifest error) be final and binding.

COFI

The Eleventh District Cost of Funds Index is designed to represent the monthly weighted average cost of funds for savings institutions in Arizona, California and Nevada that are member institutions of the Eleventh Federal Home Loan Bank District (the "Eleventh District"). The Eleventh District Cost of Funds Index for a particular month reflects the interest costs paid on all types of funds held by Eleventh District member institutions and is calculated by dividing the cost of funds by the average of the total amount of those funds outstanding at the end of that month and of the prior month and annualizing and adjusting the result to reflect the actual number of days in the particular month. If necessary, before these calculations are made, the component figures are adjusted by the Federal Home Loan Bank of San Francisco ("FHLBSF") to neutralize the effect of events such as member institutions leaving the Eleventh District or acquiring institutions outside the Eleventh District. The Eleventh District Cost of Funds Index is weighted to reflect the relative amount of each type of funds held at the end of the relevant month. The major components of funds of Eleventh District member institutions are: savings deposits, time deposits, FHLBSF advances, repurchase agreements and all other borrowings. Because the component funds represent a variety of maturities whose costs may react in different ways to changing conditions, the Eleventh District Cost of Funds Index does not necessarily reflect current market rates.

A number of factors affect the performance of the Eleventh District Cost of Funds Index, which may cause it to move in a manner different from indices tied to specific interest rates, such as United States Treasury bills or

LIBOR. Because the liabilities upon which the Eleventh District Cost of Funds Index is based were issued at various times under various market conditions and with various maturities, the Eleventh District Cost of Funds Index may not necessarily reflect the prevailing market interest rates on new liabilities of similar maturities. Moreover, as stated above, the Eleventh District Cost of Funds Index is designed to represent the average cost of funds for Eleventh District savings institutions for the month prior to the month in which it is due to be published. Additionally, the Eleventh District Cost of Funds Index may not necessarily move in the same direction as market interest rates at all times, since as longer term deposits or borrowings mature and are renewed at prevailing market interest rates, the Eleventh District Cost of Funds Index is influenced by the differential between the prior and the new rates on those deposits or borrowings. In addition, movements of the Eleventh District Cost of Funds Index, as compared to other indices tied to specific interest rates, may be affected by changes instituted by the FHLBSF in the method used to calculate the Eleventh District Cost of Funds Index.

The FHLBSF publishes the Eleventh District Cost of Funds Index in its monthly Information Bulletin. Any individual may request regular receipt by mail of Information Bulletins by writing the Federal Home Loan Bank of San Francisco, P.O. Box 7948, 600 California Street, San Francisco, California 94120, or by calling (415) 616-1000. The Eleventh District Cost of Funds Index may also be obtained by calling the FHLBSF at (415) 616-2600.

The FHLBSF has stated in its Information Bulletin that the Eleventh District Cost of Funds Index for a month "will be announced on or near the last working day" of the following month and also has stated that it "cannot guarantee the announcement" of the index on an exact date. So long as the Eleventh District Cost of Funds Index for a month is announced on or before the tenth day of the second following month, the interest rate for each class of securities of a series as to which the applicable interest rate is determined by reference to an index denominated as COFI (each, a class of "COFI securities") for the Interest Accrual Period commencing in the second following month will be based on the Eleventh District Cost of Funds Index for the second preceding month. If publication is delayed beyond the tenth day, the interest rate will be based on the Eleventh District Cost of Funds Index for the third preceding month.

The applicable prospectus supplement may specify some other basis for determining COFI, but if it does not, then if on the tenth day of the month in which any interest accrual period commences for a class of COFI securities the most recently published Eleventh District Cost of Funds Index relates to a month before the third preceding month, the index for the current interest accrual period and for each succeeding interest accrual period will, except as described in the next to last sentence of this paragraph, be based on the National Monthly Median Cost of Funds Ratio to SAIF-Insured Institutions (the "National Cost of Funds Index") published by the Office of Thrift Supervision (the "OTS") for the third preceding month (or the fourth preceding month if the National Cost of Funds Index for the third preceding month has not been published on the tenth day of an interest accrual period). Information on the National Cost of Funds Index may be obtained by writing the OTS at 1700 G Street, N.W., Washington, D.C. 20552 or calling (202) 906-6677, and the current National Cost of Funds Index may be obtained by calling (202) 906-6988. If on the tenth day of the month in which an interest accrual period commences the most recently published National Cost of Funds Index relates to a month before the fourth preceding month, the applicable index for the interest accrual period and each succeeding interest accrual period will be based on LIBOR, as determined by the calculation agent in accordance with the Agreement relating to the series of certificates. A change of index from the Eleventh District Cost of Funds Index to an alternative index will result in a change in the index level and could increase its volatility, particularly if LIBOR is the alternative index.

The establishment of COFI by the calculation agent and its calculation of the rates of interest for the applicable classes for the related interest accrual period shall (in the absence of manifest error) be final and binding.

Treasury Index

The applicable prospectus supplement may specify some other basis for determining and defining the Treasury index, but if it does not, on the Treasury index determination date for each class of securities of a series for which the applicable interest rate is determined by reference to an index denominated as a Treasury index, the calculation agent will ascertain the Treasury index for Treasury securities of the maturity and for the period (or, if applicable, date) specified in the related prospectus supplement. The Treasury index for any period means the average of the yield for each business day during the specified period (and for any date means the yield for the date), expressed as a per annum percentage rate, on U.S. Treasury securities adjusted to the "constant maturity" specified

in the prospectus supplement or if no “constant maturity” is so specified, U.S. Treasury securities trading on the secondary market having the maturity specified in the prospectus supplement, in each case as published by the Federal Reserve Board in its Statistical Release No. H.15 (519). Statistical Release No. H.15 (519) is published on Monday or Tuesday of each week and may be obtained by writing or calling the Publications Department at the Board of Governors of the Federal Reserve System, 21st and C Streets, Washington, D.C. 20551 (202) 452-3244. If the calculation agent has not yet received Statistical Release No. H.15 (519) for a week, then it will use the Statistical Release from the preceding week.

Yields on U.S. Treasury securities at “constant maturity” are derived from the U.S. Treasury’s daily yield curve. This curve, which relates the yield on a security to its time to maturity, is based on the closing market bid yields on actively traded Treasury securities in the over-the-counter market. These market yields are calculated from composites of quotations reported by five leading U.S. Government securities dealers to the Federal Reserve Bank of New York. This method provides a yield for a given maturity even if no security with that exact maturity is outstanding. In the event that the Treasury Index is no longer published, a new index based upon comparable data and methodology will be designated in accordance with the Agreement relating to the particular series of securities. The Calculation Agent’s determination of the Treasury Index, and its calculation of the rates of interest for the applicable classes for the related Interest Accrual Period shall (in the absence of manifest error) be final and binding.

Prime Rate

The applicable prospectus supplement may specify the party responsible for determining the Prime Rate, but if it does not, on the Prime Rate Determination Date (as the term is defined in the related prospectus supplement) for each class of securities of a series as to which the applicable interest rate is determined by reference to an index denominated as the Prime Rate, the calculation agent will ascertain the Prime Rate for the related interest accrual period. The applicable prospectus supplement may provide for the means of determining the Prime Rate, but if it does not, the Prime Rate for an interest accrual period will be the “Prime Rate” as published in the “Money Rates” section of The Wall Street Journal (or if not so published, the “Prime Rate” as published in a newspaper of general circulation selected by the calculation agent in its sole discretion) on the related Prime Rate Determination Date. If a prime rate range is given, then the average of that range will be used. In the event that the Prime Rate is no longer published, a new index based upon comparable data and methodology will be designated in accordance with the Agreement relating to the particular series of securities. The calculation agent’s determination of the Prime Rate and its calculation of the rates of interest for the related interest accrual period shall (in the absence of manifest error) be final and binding.

Book-Entry Registration of Securities

As described in the related prospectus supplement, if not issued in fully registered certificated form, each class of securities will be registered as book-entry certificates (the “Book-Entry Securities”). Persons acquiring beneficial ownership interests in the Book-Entry Securities (“Security Owners”) may elect to hold their Book-Entry Securities through the Depository Trust Company (“DTC”) in the United States, or Clearstream, Luxembourg or the Euroclear System (“Euroclear”), in Europe, if they are participants of those systems, or indirectly through organizations which are participants in those systems. Each class of the Book-Entry Securities will be issued in one or more certificates which equal the aggregate principal balance of the applicable class of the Book-Entry Securities and will initially be registered in the name of Cede & Co., the nominee of DTC. Clearstream, Luxembourg and Euroclear will hold omnibus positions on behalf of their participants through customers’ securities accounts in Clearstream, Luxembourg and Euroclear’s names on the books of their respective depositaries which in turn will hold the positions in customers’ securities accounts in the depositaries’ names on the books of DTC. Citibank, NA will act as depositary for Clearstream, Luxembourg and JPMorgan Chase will act as depositary for Euroclear (in those capacities, individually the “Relevant Depositary” and collectively the “European Depositaries”). Unless otherwise described in the related prospectus supplement, beneficial interests in the Book-Entry Securities may be held in minimum denominations representing Certificate Principal Balances of \$20,000 and integral multiples of \$1,000 in excess thereof, except that one investor of each class of Book-Entry Securities may hold a beneficial interest therein that is not an integral multiple of \$1,000. Except as described below, no person acquiring a beneficial ownership interest in a Book-Entry Security (each, a “beneficial owner”) will be entitled to receive a physical certificate representing the person’s beneficial ownership interest in the Book-Entry Security (a “Definitive Security”). Unless and until Definitive Securities are issued, it is anticipated that the only securityholders of the

Book-Entry Securities will be Cede & Co., as nominee of DTC. Security Owners will not be Certificateholders as that term is used in the applicable Agreement. Security Owners are only permitted to exercise their rights indirectly through the participating organizations that utilize the services of DTC, including securities brokers and dealers, banks and trust companies and clearing corporations and certain other organizations ("Participants") and DTC.

The beneficial owner's ownership of a Book-Entry Security will be recorded on the records of the brokerage firm, bank, thrift institution or other financial intermediary (each, a "Financial Intermediary") that maintains the beneficial owner's account for that purpose. In turn, the Financial Intermediary's ownership of the Book-Entry Security will be recorded on the records of DTC (or of a participating firm that acts as agent for the Financial Intermediary, whose interest will in turn be recorded on the records of DTC, if the beneficial owner's Financial Intermediary is not a DTC Participant and on the records of Clearstream, Luxembourg or Euroclear, as appropriate).

Security Owners will receive all distributions of principal of, and interest on, the Book-Entry Securities from the trustee through DTC and DTC Participants. While the Book-Entry Securities are outstanding (except under the circumstances described below), under the rules, regulations and procedures creating and affecting DTC and its operations (the "Rules"), DTC is required to make book-entry transfers among Participants on whose behalf it acts with respect to the Book-Entry Securities and is required to receive and transmit distributions of principal of, and interest on, the Book-Entry Securities. Participants and organizations which have indirect access to the DTC system, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly ("Indirect Participants"), with whom Security Owners have accounts with respect to the Book-Entry Securities are similarly required to make book-entry transfers and receive and transmit the distributions on behalf of their respective Security Owners. Accordingly, although Security Owners will not possess certificates, the Rules provide a mechanism by which Security Owners will receive distributions and will be able to transfer their interest.

Security Owners will not receive or be entitled to receive certificates representing their respective interests in the Book-Entry Securities, except under the limited circumstances described below. Unless and until Definitive Securities are issued, Security Owners who are not Participants may transfer ownership of the Book-Entry Securities only through Participants and Indirect Participants by instructing the Participants and Indirect Participants to transfer Book-Entry Securities, by book-entry transfer, through DTC for the account of the purchasers of the Book-Entry Securities, which account is maintained with their respective Participants. Under the Rules and in accordance with DTC's normal procedures, transfers of ownership of Book-Entry Securities will be executed through DTC and the accounts of the respective Participants at DTC will be debited and credited. Similarly, the Participants and Indirect Participants will make debits or credits, as the case may be, on their records on behalf of the selling and purchasing Security Owners.

Because of time zone differences, credits of securities received in Clearstream, Luxembourg or Euroclear as a result of a transaction with a Participant will be made during, subsequent securities settlement processing and dated the business day following, the DTC settlement date. These credits or any transactions in the securities received in Clearstream, Luxembourg or Euroclear as a result of a transaction with a Participant, settled during the processing will be reported to the relevant Euroclear or Clearstream, Luxembourg Participants on that following business day. Cash received in Clearstream, Luxembourg or Euroclear, as a result of sales of securities by or through a Clearstream, Luxembourg Participant or Euroclear Participant to a DTC Participant, will be received with value on the DTC settlement date but will be available in the relevant Clearstream, Luxembourg or Euroclear cash account only as of the business day following settlement in DTC.

Transfers between Participants will occur in accordance with DTC rules. Transfers between Clearstream, Luxembourg Participants and Euroclear Participants will occur in accordance with their respective rules and operating procedures.

Cross-market transfers between persons holding securities directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg Participants or Euroclear Participants, on the other, will be effected by DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the Relevant Depositary; however, these cross market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in that system in accordance

with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to the Relevant Depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream, Luxembourg Participants and Euroclear Participants may not deliver instructions directly to the European Depositories.

DTC, which is a New York-chartered limited purpose trust company, performs services for its participants, some of which (and/or their representatives) own DTC. In accordance with its normal procedures, DTC is expected to record the positions held by each DTC participant in the Book-Entry Securities, whether held for its own account or as a nominee for another person. In general, beneficial ownership of Book-Entry Securities will be subject to the rules, regulations and procedures governing DTC and DTC participants as in effect from time to time.

Clearstream Banking, société anonyme, 67 Bd Grande-Duchesse Charlotte, L-2967 Luxembourg ("Clearstream, Luxembourg"), was incorporated in 1970 as "Clearstream, Luxembourg S.A." a company with limited liability under Luxembourg law (a société anonyme). Clearstream, Luxembourg S.A. subsequently changed its name to Cedelbank. On January 10, 2000, Cedelbank's parent company, Clearstream, Luxembourg International, société anonyme ("CI") merged its clearing, settlement and custody business with that of Deutsche Borse Clearing AG ("DBC"). The merger involved the transfer by CI of substantially all of its assets and liabilities (including its shares in CB) to a new Luxembourg company, New Clearstream, Luxembourg International, société anonyme ("New CI"), which is 50% owned by CI and 50% owned by DBC's parent company Deutsche Borse AG. The shareholders of these two entities are banks, securities dealers and financial institutions. Clearstream, Luxembourg International currently has 92 shareholders, including U.S. financial institutions or their subsidiaries. No single entity may own more than 5 percent of Clearstream, Luxembourg International's stock.

Further to the merger, the Board of Directors of New CI decided to re-name the companies in the group in order to give them a cohesive brand name. The new brand name that was chosen is "Clearstream" effective as of January 14, 2000. New CI has been renamed "Clearstream International, société anonyme." On January 18, 2000, Cedelbank was renamed "Clearstream Banking, société anonyme" and Clearstream, Luxembourg Global Services was renamed "Clearstream Services, société anonyme."

On January 17, 2000, DBC was renamed "Clearstream Banking AG." This means that there are now two entities in the corporate group headed by Clearstream International which share the name "Clearstream Banking," the entity previously named "Cedelbank" and the entity previously named "Deutsche Borse Clearing AG."

Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg customers through electronic book-entry changes in accounts of Clearstream, Luxembourg customers, thereby eliminating the need for physical movement of certificates. Transactions may be settled by Clearstream, Luxembourg in any of 36 currencies, including United States Dollars. Clearstream, Luxembourg provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg also deals with domestic securities markets in over 30 countries through established depository and custodial relationships. Clearstream, Luxembourg is registered as a bank in Luxembourg and is subject to regulation by the Commission de Surveillance du Secteur Financier, "CSSF," which supervises Luxembourg banks. Clearstream, Luxembourg's customers are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Clearstream, Luxembourg's U.S. customers are limited to securities brokers and dealers, and banks. Currently, Clearstream, Luxembourg has approximately 2,000 customers located in over 80 countries, including all major European countries, Canada, and the United States. Indirect access to Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of Clearstream, Luxembourg. Clearstream, Luxembourg has established an electronic bridge with Euroclear Bank S.A./N.V. as the Operator of the Euroclear System (the "Euroclear Operator") in Brussels to facilitate settlement of trades between Clearstream, Luxembourg and the Euroclear Operator.

Euroclear was created in 1968 to hold securities for participants of Euroclear ("Euroclear Participants") and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery

against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Transactions may now be settled in any of 32 currencies, including United States dollars. Euroclear includes various other services, including securities lending and borrowing and interfaces with domestic markets in several countries generally similar to the arrangements for cross-market transfers with DTC described above. Euroclear is operated by the Brussels, Belgium office of the Euroclear Operator, under contract with Euroclear Clearance Systems S.C., a Belgian cooperative corporation (the “Cooperative”). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear Participants. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

The Euroclear Operator has a banking license from the Belgian Banking and Finance Commission. This license authorizes the Euroclear Operator to carry out banking activities on a global basis.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System and applicable Belgian law (collectively, the “Terms and Conditions”). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear Participants, and has no record of or relationship with persons holding through Euroclear Participants.

Distributions on the Book-Entry Securities will be made on each Distribution Date by the trustee to DTC. DTC will be responsible for crediting the amount of payments on Book-Entry Securities to the accounts of the applicable DTC participants in accordance with DTC’s normal procedures. Each DTC participant will be responsible for disbursing the payments to the beneficial owners of the Book-Entry Securities that it represents and to each Financial Intermediary for which it acts as agent. Each Financial Intermediary will be responsible for disbursing funds to the beneficial owners of the Book-Entry Securities that it represents.

Under a book-entry format, beneficial owners of the Book-Entry Securities may experience some delay in their receipt of payments, since the payments will be forwarded by the trustee to Cede & Co. Distributions with respect to Book-Entry Securities held through Clearstream, Luxembourg or Euroclear will be credited to the cash accounts of Clearstream, Luxembourg Participants or Euroclear Participants in accordance with the relevant system’s rules and procedures, to the extent received by the Relevant Depository. These distributions will be subject to tax reporting in accordance with relevant United States tax laws and regulations. See “Material Federal Income Tax Consequences — Tax Treatment of Foreign Investors” and “— Tax Consequences to Holders of the Notes — Backup Withholding” herein. Because DTC can only act on behalf of Financial Intermediaries, the ability of a beneficial owner to pledge Book-Entry Securities to persons or entities that do not participate in the depository system, or otherwise take actions in respect of Book-Entry Securities, may be limited due to the lack of physical certificates for the Book-Entry Securities. In addition, issuance of the Book-Entry Securities in book-entry form may reduce the liquidity of the securities in the secondary market since certain potential investors may be unwilling to purchase securities for which they cannot obtain physical certificates.

Monthly and annual reports on the Trust provided to Cede & Co., as nominee of DTC, may be made available to beneficial owners upon request, in accordance with the rules, regulations and procedures creating and affecting DTC or the Depository, and to the Financial Intermediaries to whose DTC accounts the Book-Entry Securities of the beneficial owners are credited.

DTC has advised the trustee that, unless and until Definitive Securities are issued, DTC will take any action permitted to be taken by the holders of the Book-Entry Securities under the applicable Agreement only at the direction of one or more Financial Intermediaries to whose DTC accounts the Book-Entry Securities are credited, to the extent that those actions are taken on behalf of Financial Intermediaries whose holdings include those Book-Entry Securities. Clearstream, Luxembourg or the Euroclear Operator, as the case may be, will take any other action

permitted to be taken by a holder of a Book-Entry Security under the applicable Agreement on behalf of a Clearstream, Luxembourg Participant or Euroclear Participant only in accordance with its relevant rules and procedures and subject to the ability of the Relevant Depository to effect the actions on its behalf through DTC. DTC may take actions, at the direction of the related Participants, with respect to some Book-Entry Securities which conflict with actions taken with respect to other Book-Entry Securities.

Definitive Securities will be issued to beneficial owners of the Book-Entry Securities, or their nominees, rather than to DTC, only if (a) DTC or the depositor advises the trustee in writing that DTC is no longer willing, qualified or able to discharge properly its responsibilities as nominee and depository with respect to the Book-Entry Securities and the depositor or the trustee is unable to locate a qualified successor or (b) after the occurrence of an Event of Default, beneficial owners having not less than 51% of the voting rights evidenced by the Book-Entry Securities advise the trustee and DTC through the Financial Intermediaries and the DTC participants in writing that the continuation of a book-entry system through DTC (or a successor thereto) is no longer in the best interests of beneficial owners of that class.

Upon the occurrence of any of the events described in the immediately preceding paragraph, the trustee will be required to notify all beneficial owners of the occurrence of the event and the availability through DTC of Definitive Securities. Upon surrender by DTC of the global certificate or certificates representing the Book-Entry Securities and instructions for re-registration, the trustee will issue Definitive Securities, and thereafter the trustee will recognize the holders of the Definitive Securities as securityholders under the applicable Agreement.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of securities among participants of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform these procedures and these procedures may be discontinued at any time.

None of the master servicer, the depositor or the trustee will have any responsibility for any aspect of the records relating to or payments made on account of beneficial ownership interests of the Book-Entry Securities held by Cede & Co., as nominee of DTC, or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests.

Exchangeable Securities

General. If specified in the related prospectus supplement, a series of securities may include one or more classes that are exchangeable securities. In any of these series, the holders of one or more of the classes of exchangeable securities will be entitled, after notice and payment to the trustee of an administrative fee, to exchange all or a portion of those classes for proportionate interests in one or more of the other classes of exchangeable securities.

If a series includes exchangeable securities as described in the related prospectus supplement, all of these classes of exchangeable securities will be listed in the prospectus supplement. The classes of securities that are exchangeable for one another will be referred to in the related prospectus supplement as “related” to each other, and each related grouping of exchangeable securities will be referred to as a “combination.” Each exchangeable security will represent a beneficial ownership interest in the class or classes of securities deposited with the trustee in connection with the exchange (these classes of certificates will be referred to in the related prospectus supplement as the “deposable securities”). The classes of deposable securities will be deposited in a separate trust fund, referred to in this prospectus as the exchangeable securities trust fund, which will also be established pursuant to the pooling and servicing agreement or trust agreement establishing the trust fund that issues the deposable securities. The trustee for the trust fund which issues the deposable securities will also serve as trustee of the exchangeable securities trust fund. The exchangeable securities will be issued by the exchangeable securities trust fund and, in the aggregate, will represent a distinct combination of uncertificated interests in the trust fund. At any time after their initial issuance, the class or classes of deposable securities may be exchanged for the related class or classes of exchangeable securities. In some cases, multiple classes of deposable securities may be exchanged for one or more classes of related exchangeable securities. Exchangeable securities received in an exchange may subsequently be exchanged for other exchangeable securities that are part of the same combination or for the related deposable securities. This process may be repeated again and again.

The descriptions in the related prospectus supplement of the securities of a series that includes depositable securities, including descriptions of principal and interest distributions, registration and denomination of securities, credit enhancement, yield and prepayment considerations and tax, ERISA and legal investment considerations, also will apply to each class of exchangeable securities. The related prospectus supplement will separately describe the yield and prepayment considerations applicable to, and the risks of investment in, each class of exchangeable securities. For example, separate decrement tables and yield tables, if applicable, will be included for each class of exchangeable securities.

Exchanges. If a holder elects to exchange its depositable securities for related exchangeable securities, the following three conditions must be satisfied:

- the aggregate principal balance of the exchangeable securities received in the exchange, immediately after the exchange, must equal the aggregate principal balance, immediately prior to the exchange, of the depositable securities (for purposes of this condition, an interest-only class will have a principal balance of zero);
- the aggregate amount of interest payable on any distribution date with respect to the exchangeable securities received in the exchange must equal the aggregate amount of interest payable on such distribution date with respect to the depositable securities; and
- the class or classes of depositable securities must be exchanged in the proportions, if any, described in the related prospectus supplement.

There are different types of combinations of depositable securities and of exchangeable securities that can exist. Any individual series of securities may have multiple types of combinations. Some examples of combinations of exchangeable securities that differ in their interest characteristics include:

- A class of depositable securities with a floating interest rate and a class of depositable securities with an inverse floating interest rate may be exchangeable for a class of exchangeable securities with a fixed interest rate. In this case, the classes of depositable securities with interest rates that vary with an index would produce, in the aggregate, an annual interest amount equal to that generated by the exchangeable class with a fixed interest rate. In addition, the aggregate principal balance of the two depositable classes with interest rates that vary with an index would equal the principal balance of the exchangeable class with the fixed interest rate.
- An interest-only class and a principal only class of depositable securities may be exchangeable, together, for a class of exchangeable securities that is entitled to both principal and interest payments. The principal balance of the principal and interest class of exchangeable securities would be equal to the principal balance of the depositable principal only class, and the interest rate on the exchangeable principal and interest class would be a fixed rate that, when applied to the principal balance of this class, would generate an annual interest amount equal to the annual interest amount of the depositable interest-only class in distributions that have identical amounts and identical timing.
- Two classes of depositable principal and interest classes with different fixed interest rates may be exchangeable, together, for an exchangeable class that is entitled to both principal and interest payments, with a principal balance equal to the aggregate principal balance of the two depositable classes, and a fixed interest rate that, when applied to the principal balance of the exchangeable class, would generate an annual interest amount equal to the aggregate amount of annual interest of the two depositable classes.

In some series, a securityholder may be able to exchange its exchangeable securities for other exchangeable securities that have different principal payment characteristics. Examples of these types of combinations include:

- A class of depositable securities that accretes all of its interest for a specified period, with the accreted amount added to the principal balance of the accreting class, and a class of depositable securities that receives principal payments from these accretions may be exchangeable, together, for a single class of exchangeable securities that receives payments of interest continuously from the first distribution date on which it receives interest until it is retired.
- A class of depositable securities that is a Planned Principal Class or Targeted Principal Class, and a class of depositable securities that only receives principal payments on a distribution date if scheduled payments have been made on the Planned Principal Class or Targeted Principal Class, as applicable, may be exchangeable, together, for a class of exchangeable securities that receives principal payments without regard to the schedule from the first distribution date on which it receives principal until it is retired.

Procedures. The related prospectus supplement will describe the procedures that must be followed to make an exchange. A securityholder will be required to provide notice to the trustee in advance of the proposed exchange date. The notice must include the outstanding principal or notional amount of the securities to be exchanged and to be received, and the proposed exchange date. When the trustee receives this notice, it will provide instructions to the securityholder regarding delivery of the securities and payment of the administrative fee. A securityholder's notice to the trustee will become irrevocable on the second business day prior to the proposed exchange date. Any exchangeable securities in book-entry form will be subject to the rules, regulations and procedures applicable to DTC's book-entry securities.

If the related prospectus supplement describes exchange proportions for a combination of classes of exchangeable securities, these proportions will be based on the original, rather than the outstanding, principal or notional amounts of these classes.

The first payment on an exchangeable security received in an exchange will be made on the distribution date in the month following the month of the exchange or as otherwise described in the related prospectus supplement. This payment will be made to the securityholder of record as of the applicable record date.

Credit Enhancement

General

Credit enhancement may be provided with respect to one or more classes of a series of securities or with respect to the related Trust Fund Assets. Credit enhancement may be in the form of:

- the subordination of one or more classes of the securities of the series,
- letter of credit,
- a limited financial guaranty policy issued by an entity named in the related prospectus supplement,
- surety bond,
- bankruptcy bond,
- special hazard insurance policy,
- guaranteed investment contract,
- overcollateralization,

- one or more reserve funds,
- a mortgage pool insurance policy,
- FHA Insurance,
- a VA Guarantee,
- cross-collateralization feature, or
- any combination of the foregoing.

The applicable prospectus supplement may provide for credit enhancement which covers all the classes of securities, but if it does not, credit enhancement will not provide protection against all risks of loss and will not guarantee repayment of the entire principal balance of the securities and interest thereon. If losses occur which exceed the amount covered by credit enhancement or which are not covered by the credit enhancement, securityholders will bear their allocable share of any deficiencies.

Subordination

If so specified in the related prospectus supplement, protection afforded to holders of one or more classes of securities of a series by means of the subordination feature may be accomplished by the preferential right of holders of one or more other classes of the series (the "Senior Securities") to distributions in respect of scheduled principal, Principal Prepayments, interest or any combination thereof that otherwise would have been payable to holders of subordinate securities (the "Subordinate Securities") under the circumstances and to the extent specified in the related prospectus supplement. Protection may also be afforded to the holders of Senior Securities of a series by: (i) reducing the principal or notional balance (if applicable) of the related subordinate securities; (ii) a combination of the immediately preceding sentence and clause (i) above; or (iii) as otherwise described in the related prospectus supplement. If so specified in the related prospectus supplement, delays in receipt of scheduled payments on the loans and losses on defaulted loans may be borne first by the various classes of subordinate securities and thereafter by the various classes of Senior Securities, in each case under the circumstances and subject to the limitations specified in the related prospectus supplement. The aggregate distributions in respect of delinquent payments on the loans over the lives of the securities or at any time, the aggregate losses in respect of defaulted loans which must be borne by the Subordinate Securities by virtue of subordination and the amount of the distributions otherwise distributable to the holders of Subordinate Securities that will be distributable to Senior Securityholders on any distribution date may be limited as specified in the related prospectus supplement. If aggregate distributions in respect of delinquent payments on the loans or aggregate losses in respect of the loans were to exceed an amount specified in the related prospectus supplement, holders of Senior Securities would experience losses on the securities.

In addition to or in lieu of the foregoing, if so specified in the related prospectus supplement, all or any portion of distributions otherwise payable to holders of Subordinate Securities on any distribution date may instead be deposited into one or more reserve funds established with the trustee or distributed to holders of Senior Securities. The deposits to a reserve fund may be made on each distribution date, for specified periods or until the balance in the reserve fund has reached a specified amount and, following payments from the reserve fund to holders of Senior Securities or otherwise, thereafter to the extent necessary to restore the balance in the reserve fund to required levels, in each case as specified in the related prospectus supplement. Amounts on deposit in the reserve fund may be released to the holders of certain classes of securities at the times and under the circumstances specified in the related prospectus supplement.

If specified in the related prospectus supplement, various classes of Senior Securities and Subordinate Securities may themselves be subordinate in their right to receive certain distributions to other classes of Senior and Subordinate Securities, respectively, through preferential rights of those classes of securities to distributions in

respect to the other classes of Senior Securities and Subordinate Securities, a cross-collateralization mechanism or otherwise.

As between classes of Senior Securities and as between classes of Subordinate Securities, distributions may be allocated among those classes (i) in the order of their scheduled final distribution dates, (ii) in accordance with a schedule or formula, (iii) in relation to the occurrence of events, or (iv) otherwise, in each case as specified in the related prospectus supplement. As between classes of Subordinate Securities, payments to holders of Senior Securities on account of delinquencies or losses and payments to any reserve fund will be allocated as specified in the related prospectus supplement.

Letter of Credit

The letter of credit, if any, with respect to a series of securities will be issued by the bank or financial institution specified in the related prospectus supplement (the "L/C Bank"). Under the letter of credit, the L/C Bank will be obligated to honor drawings thereunder in an aggregate fixed dollar amount, net of unreimbursed payments thereunder, equal to the percentage specified in the related prospectus supplement of the aggregate principal balance of the loans on the related cut-off date or of one or more classes of securities (the "L/C Percentage"). If so specified in the related prospectus supplement, the letter of credit may permit drawings in the event of losses not covered by insurance policies or other credit support, such as losses arising from damage not covered by standard hazard insurance policies, losses resulting from the bankruptcy of a borrower and the application of certain provisions of the federal Bankruptcy Code, or losses resulting from denial of insurance coverage due to misrepresentations in connection with the origination of a loan. The amount available under the letter of credit will, in all cases, be reduced to the extent of the unreimbursed payments thereunder. The obligations of the L/C Bank under the letter of credit for each series of securities will expire at the earlier of the date specified in the related prospectus supplement or the termination of the trust fund. See "The Agreements — Termination: Optional Termination." A copy of the letter of credit for a series, if any, will be filed with the SEC as an exhibit to a Current Report on Form 8-K after the issuance of the securities of the related series.

Insurance Policies, Surety Bonds and Guaranties

If so provided in the prospectus supplement for a series of securities, deficiencies in amounts otherwise payable on the securities or certain classes thereof will be covered by insurance policies and/or surety bonds provided by one or more insurance companies or sureties. These instruments may cover, with respect to one or more classes of securities of the related series, timely distributions of interest and/or full distributions of principal on the basis of a schedule of principal distributions set forth in or determined in the manner specified in the related prospectus supplement. In addition, if specified in the related prospectus supplement, a trust fund may also include bankruptcy bonds, special hazard insurance policies, other insurance or guaranties for the purpose of (i) maintaining timely payments or providing additional protection against losses on the assets included in the trust fund, (ii) paying administrative expenses or (iii) establishing a minimum reinvestment rate on the payments made in respect of the assets or principal payment rate on the assets. If specified in the related prospectus supplement, the trust fund may include a guaranteed investment contract pursuant to which the trust fund is entitled to receive specified payments for a period of time. These arrangements may include agreements under which securityholders are entitled to receive amounts deposited in various accounts held by the trustee upon the terms specified in the related prospectus supplement. If applicable, a copy of any instrument for a series will be filed with the SEC as an exhibit to a Current Report on Form 8-K after the issuance of the securities of the related series.

Overcollateralization and Excess Cash Flow

If so provided in the prospectus supplement for a series of securities, the aggregate principal balance of the underlying Trust Fund Assets as of the cut-off date may exceed the principal balance of the securities being issued, thereby resulting in overcollateralization. In addition, if so provided in the prospectus supplement, a portion of the interest payment on each loan may be applied as an additional distribution in respect of principal to reduce the principal balance of a certain class or classes of securities and, thus, accelerate the rate of payment of principal on that class or classes of securities. Reducing the principal balance of the securities without a corresponding reduction in the principal balance of the underlying Trust Fund Assets will result in overcollateralization or increase the level

of overcollateralization. Additionally, some of the excess cash flow may be applied to make distributions to holders of securities to which losses have been allocated up to the amount of the losses that were allocated.

Reserve Accounts

If specified in the related prospectus supplement, credit support with respect to a series of securities will be provided by the establishment and maintenance with the trustee for the series of securities, in trust, of one or more reserve funds for the series. The related prospectus supplement will specify whether or not any reserve fund will be included in the trust fund for the related series.

The reserve fund for a series will be funded (i) by the deposit therein of cash, United States Treasury securities, instruments evidencing ownership of principal or interest payments thereon, letters of credit, demand notes, certificates of deposit or a combination thereof in the aggregate amount specified in the related prospectus supplement, (ii) by the deposit therein from time to time of certain amounts, as specified in the related prospectus supplement to which the holders of Subordinate Securities, if any, would otherwise be entitled or (iii) or as otherwise may be specified in the related prospectus supplement.

Any amounts on deposit in the reserve fund and the proceeds of any other instrument upon maturity will be held in cash or will be invested in Permitted Investments. Any amounts so deposited and payments on instruments so deposited will be available for withdrawal from the reserve fund for distribution to the holders of securities of the related series for the purposes, in the manner and at the times specified in the related prospectus supplement.

Special Hazard Insurance Policies

If specified in the related prospectus supplement, a separate special hazard insurance policy will be obtained for the pool and will be issued by the insurer named in the prospectus supplement. Each special hazard insurance policy will, subject to policy limitations, protect holders of the related securities from loss caused by the application of the coinsurance clause contained in hazard insurance policies and loss from damage to mortgaged properties caused by certain hazards not insured against under the standard form of hazard insurance policy in the states where the mortgaged properties are located or under a flood insurance policy if the mortgaged property is located in a federally designated flood area. Some of the losses covered include earthquakes and, to a limited extent, tidal waves and related water damage or as otherwise specified in the related prospectus supplement. See "The Agreements – Hazard Insurance." No special hazard insurance policy will cover losses from fraud or conversion by the trustee or master servicer, war, insurrection, civil war, certain governmental action, errors in design, faulty workmanship or materials (except under certain circumstances), nuclear or chemical reaction, flood (if the mortgaged property is located in a federally designated flood area), nuclear or chemical contamination and certain other risks. The amount of coverage under any special hazard insurance policy will be specified in the related prospectus supplement. Each special hazard insurance policy will provide that no claim may be paid unless hazard and, if applicable, flood insurance on the property securing the mortgage loan have been kept in force and other protection and preservation expenses have been paid.

The applicable prospectus supplement may provide for other payment coverage, but if it does not, then, subject to these limitations, each special hazard insurance policy will provide that where there has been damage to property securing a foreclosed mortgage loan (title to which has been acquired by the insured) and to the extent the damage is not covered by the hazard insurance policy or flood insurance policy, if any, maintained by the mortgagor or the master servicer, the special hazard insurer will pay the lesser of the cost of repair or replacement of the property or, upon transfer of the property to the special hazard insurer, the unpaid principal balance of the mortgage loan at the time of acquisition of the property by foreclosure or deed in lieu of foreclosure, plus accrued interest to the date of claim settlement and certain expenses incurred by the master servicer with respect to the property. If the unpaid principal balance of a mortgage loan plus accrued interest and certain expenses is paid by the special hazard insurer, the amount of further coverage under the related special hazard insurance policy will be reduced by that amount less any net proceeds from the sale of the property. Any amount paid to repair the property will further reduce coverage by that amount. So long as a pool insurance policy remains in effect, the payment by the special hazard insurer of the cost of repair or of the unpaid principal balance of the related mortgage loan plus accrued interest and certain expenses will not affect the total insurance proceeds paid to securityholders, but will affect the relative amounts of coverage remaining under the related special hazard insurance policy and pool insurance policy.

To the extent specified in the prospectus supplement, the master servicer may deposit cash, an irrevocable letter of credit, or any other instrument acceptable to each nationally recognized rating agency rating the securities of the related series at the request of the depositor in a special trust account to provide protection in lieu of or in addition to that provided by a special hazard insurance policy. The amount of any special hazard insurance policy or of the deposit to the special trust account relating to the securities may be reduced so long as the reduction will not result in a downgrading of the rating of the securities by a rating agency rating securities at the request of the depositor.

Bankruptcy Bonds

If specified in the related prospectus supplement, a bankruptcy bond to cover losses resulting from proceedings under the federal Bankruptcy Code with respect to a mortgage loan will be issued by an insurer named in the prospectus supplement. Each bankruptcy bond will cover, to the extent specified in the related prospectus supplement, certain losses resulting from a reduction by a bankruptcy court of scheduled payments of principal and interest on a mortgage loan or a reduction by the court of the principal amount of a mortgage loan and will cover certain unpaid interest on the amount of a principal reduction from the date of the filing of a bankruptcy petition. The required amount of coverage under each bankruptcy bond will be set forth in the related prospectus supplement. Coverage under a bankruptcy bond may be cancelled or reduced by the master servicer if the cancellation or reduction would not adversely affect the then current rating or ratings of the related securities. See "Certain Legal Aspects of the Loans – Anti-Deficiency Legislation and Other Limitations on Lenders."

To the extent specified in the prospectus supplement, the master servicer may deposit cash, an irrevocable letter of credit or any other instrument acceptable to each nationally recognized rating agency rating the securities of the related series at the request of the depositor in a special trust account to provide protection in lieu of or in addition to that provided by a bankruptcy bond. The amount of any bankruptcy bond or of the deposit to the special trust account relating to the securities may be reduced so long as the reduction will not result in a downgrading of the rating of the securities by a rating agency rating securities at the request of the depositor.

Pool Insurance Policies

If specified in the related prospectus supplement, a separate pool insurance policy ("Pool Insurance Policy") will be obtained for the pool and issued by the insurer (the "Pool Insurer") named in the related prospectus supplement. Each Pool Insurance Policy will, subject to the limitations described below, cover loss by reason of default in payment on loans in the pool in an amount equal to a percentage specified in the related prospectus supplement of the aggregate principal balance of the loans on the cut-off date which are not covered as to their entire outstanding principal balances by Primary Mortgage Insurance Policies. As more fully described below, the master servicer will present claims thereunder to the Pool Insurer on behalf of itself, the trustee and the holders of the securities of the related series. The Pool Insurance Policies, however, are not blanket policies against loss, since claims thereunder may only be made respecting particular defaulted loans and only upon satisfaction of certain conditions precedent described below. The applicable prospectus supplement may provide for the extent of coverage provided by the related Pool Insurance Policy, but if it does not, the Pool Insurance Policies will not cover losses due to a failure to pay or denial of a claim under a Primary Mortgage Insurance Policy.

The applicable prospectus supplement may provide for the conditions for the presentation of claims under a Pool Insurance Policy, but if it does not, the Pool Insurance Policy will provide that no claims may be validly presented unless (i) any required Primary Mortgage Insurance Policy is in effect for the defaulted loan and a claim thereunder has been submitted and settled; (ii) hazard insurance on the related Property has been kept in force and real estate taxes and other protection and preservation expenses have been paid; (iii) if there has been physical loss or damage to the Property, it has been restored to its physical condition (reasonable wear and tear excepted) at the time of issuance of the policy; and (iv) the insured has acquired good and merchantable title to the Property free and clear of liens except certain permitted encumbrances. Upon satisfaction of these conditions, the Pool Insurer will have the option either (a) to purchase the property securing the defaulted loan at a price equal to the principal balance thereof plus accrued and unpaid interest at the Loan Rate to the date of the purchase and certain expenses incurred by the master servicer on behalf of the trustee and securityholders, or (b) to pay the amount by which the sum of the principal balance of the defaulted loan plus accrued and unpaid interest at the Loan Rate to the date of payment of the claim and the aforementioned expenses exceeds the proceeds received from an approved sale of the

Property, in either case net of certain amounts paid or assumed to have been paid under the related Primary Mortgage Insurance Policy. If any Property securing a defaulted loan is damaged and proceeds, if any, from the related hazard insurance policy or the applicable special hazard insurance policy are insufficient to restore the damaged Property to a condition sufficient to permit recovery under the Pool Insurance Policy, the master servicer will not be required to expend its own funds to restore the damaged Property unless it determines that (i) the restoration will increase the proceeds to securityholders on liquidation of the loan after reimbursement of the master servicer for its expenses and (ii) the expenses will be recoverable by it through proceeds of the sale of the Property or proceeds of the related Pool Insurance Policy or any related Primary Mortgage Insurance Policy.

The applicable prospectus supplement may provide for a Pool Insurance Policy covering losses resulting from defaults, but if it does not, the Pool Insurance Policy will not insure (and many Primary Mortgage Insurance Policies do not insure) against loss sustained by reason of a default arising from, among other things,

- fraud or negligence in the origination or servicing of a loan, including misrepresentation by the borrower, the originator or persons involved in the origination thereof, or
- failure to construct a Property in accordance with plans and specifications.

A failure of coverage attributable to one of the foregoing events might result in a breach of the related seller's representations described above, and, might give rise to an obligation on the part of the related seller to repurchase the defaulted loan if the breach cannot be cured by the related seller. No Pool Insurance Policy will cover (and many Primary Mortgage Insurance Policies do not cover) a claim in respect of a defaulted loan occurring when the servicer of the loan, at the time of default or thereafter, was not approved by the applicable insurer.

The applicable prospectus supplement may provide for a Pool Insurance Policy featuring a fixed amount of coverage over the life of the policy, but if it does not, the original amount of coverage under each Pool Insurance Policy will be reduced over the life of the related securities by the aggregate dollar amount of claims paid less the aggregate of the net amounts realized by the Pool Insurer upon disposition of all foreclosed properties. The applicable prospectus supplement may provide for the exclusion of specified expenses from the coverage of the Pool Insurance Policy, but if it does not, the amount of claims paid will include certain expenses incurred by the master servicer as well as accrued interest on delinquent loans to the date of payment of the claim. Accordingly, if aggregate net claims paid under any Pool Insurance Policy reach the original policy limit, coverage under that Pool Insurance Policy will be exhausted and any further losses will be borne by the related securityholders.

Additionally, if specified in the related prospectus supplement, the master servicer will maintain or cause to be maintained, as the case may be, in full force and effect, a Primary Mortgage Insurance Policy with regard to each loan for which coverage is required and loans designated in the related prospectus supplement as insured by the FHA will be insured by the FHA as authorized under the United States Housing Act of 1937, as amended. See "The Agreements – Realization Upon Defaulted Loans" for a discussion of these types of insurance.

In general, the master servicer will require the mortgagor or obligor on each loan to maintain a hazard insurance policy providing for no less than the coverage of the standard form of fire insurance policy with extended coverage customary for the type of Property in the state in which the Property is located. See "The Agreements – Hazard Insurance" for a description of the coverage with respect to these policies.

Financial Instruments

If specified in the related prospectus supplement, the trust fund may include one or more interest rate or currency swap arrangements or similar financial instruments that are used to alter the payment characteristics of the mortgage loans or the securities issued by the trust fund and whose primary purpose is not to provide credit enhancement related to the assets in the trust fund or the securities issued by the trust fund. The primary purpose of a currency swap arrangement will be to convert payments to be made on the mortgage loans or the securities issued by the trust fund from one currency into another currency, and the primary purpose of an interest rate swap arrangement or other financial instrument will be one or more of the following:

- convert the payments on some or all of the mortgage loans from fixed to floating payments, or from floating to fixed, or from floating based on a particular interest rate index to floating based on another interest rate index;
- provide payments in the event that any interest rate index related to the mortgage loans or the securities issued by the trust rises above or falls below specified levels; or
- provide protection against interest rate changes.

If a trust fund includes financial instruments of this type, the instruments may be structured to be exempt from the registration requirements of the Securities Act. If applicable, a copy of any instrument for a series will be filed with the SEC as an exhibit to a Current Report on Form 8-K to be filed with the SEC after the issuance of the securities of the related series.

Cross Support

If specified in the related prospectus supplement, the beneficial ownership of separate groups of assets included in a trust fund may be evidenced by separate classes of the related series of securities. Similarly, if specified in the related prospectus supplement, certain classes of notes may be supported by cash flow and related assets of separate group of assets from other classes of notes. In that case, credit support may be provided by a cross support feature that requires that distributions be made on securities evidencing a beneficial ownership interest in, or notes supported by, other asset groups within the same trust fund. The related prospectus supplement for a series that includes a cross support feature will describe the manner and conditions for applying the cross support feature.

If specified in the related prospectus supplement, the coverage provided by one or more forms of credit support may apply concurrently to two or more related groups of assets included in a trust fund. If applicable, the related prospectus supplement will identify the groups of assets in the trust fund to which the credit support relates and the manner of determining the amount of the coverage provided by it and of the application of the coverage to the identified groups of assets included in the trust fund.

Yield, Maturity and Prepayment Considerations

The yields to maturity and weighted average lives of the securities will be affected primarily by the amount and timing of principal payments received on or in respect of the Trust Fund Assets included in the related trust fund. The original terms to maturity of the loans in a given pool will vary depending upon the type of loans included therein. Each prospectus supplement will contain information with respect to the type and maturities of the loans in the related pool. The related prospectus supplement will specify the circumstances, if any, under which the related loans will be subject to prepayment charges. The prepayment experience on the loans in a pool will affect the weighted average life of the related series of securities.

Prepayments on Loans

The rate of prepayment on the loans cannot be predicted. Generally, all conventional loans will contain due-on-sale provisions permitting the mortgagee to accelerate the maturity of the loan upon sale or certain transfers by the borrower of the related Property. Loans insured by the FHA, and single family loans partially guaranteed by

the VA, are assumable with the consent of the FHA and the VA, respectively. Thus, the rate of prepayments on the loans may be lower than that of conventional loans bearing comparable interest rates. The master servicer generally will enforce any due-on-sale or due-on-encumbrance clause, to the extent it has knowledge of the conveyance or further encumbrance or the proposed conveyance or proposed further encumbrance of the Property and reasonably believes that it is entitled to do so under applicable law; provided, however, that the master servicer will not take any enforcement action that would impair or threaten to impair any recovery under any related insurance policy. See "The Agreements — Collection Procedures" and "Certain Legal Aspects of the Loans" for a description of certain provisions of each Agreement and certain legal developments that may affect the prepayment experience on the loans.

The rate of prepayments with respect to conventional mortgage loans has fluctuated significantly in recent years. In general, with respect to fixed rate loans, if prevailing rates fall significantly below the Loan Rates borne by the loans, the loans are more likely to be subject to higher prepayment rates than if prevailing interest rates remain at or above the Loan Rates. Conversely, if prevailing interest rates rise appreciably above the Loan Rates borne by the fixed rate loans, the loans are more likely to experience a lower prepayment rate than if prevailing rates remain at or below the Loan Rates. However, we can give no assurance that either will occur. As is the case with fixed rate loans, adjustable rate loans may be subject to a greater rate of principal prepayments in a declining interest rate environment. For example, if prevailing interest rates fall significantly, adjustable rate loans could be subject to higher prepayment rates than if prevailing interest rates remain constant because the availability of fixed rate loans at lower interest rates may encourage mortgagors to refinance their adjustable rate loans to a lower fixed interest rate. Prepayments on the hybrid loans (loans which are fixed for a period and then convert to adjustable rate loans) may differ as they approach their respective initial adjustment dates, particularly those that require payments of interest only prior to their initial adjustment date. However, we can give no assurance that will occur. The actual rate of principal prepayments on the mortgage loans is influenced by a variety of economic, tax, geographic, demographic, social, legal and other factors and has fluctuated considerably in recent years. In addition, the rate of principal prepayments may differ among pools of mortgage loans at any time because of specific factors relating to the mortgage loans in the particular pool, including, among other things, the age of the mortgage loans, the geographic locations of the properties securing the loans, the extent of the mortgagor's equity in the properties, and changes in the mortgagors' housing needs, job transfers and employment status.

Prepayment Effect on Interest

When a full prepayment is made on a loan, the borrower is charged interest on the principal amount of the loan so prepaid only for the number of days in the month actually elapsed up to the date of the prepayment, rather than for a full month. The effect of prepayments in full will be to reduce the amount of interest passed through or paid in the following month to holders of securities because interest on the principal amount of any loan so prepaid will generally be paid only to the date of prepayment. Partial prepayments in a given month may be applied to the outstanding principal balances of the loans so prepaid on the first day of the month of receipt or the month following receipt. In the latter case, partial prepayments will not reduce the amount of interest passed through or paid in that month. The applicable prospectus supplement may specify when prepayments are passed through to securityholders, but if it does not, neither full nor partial prepayments will be passed through or paid until the month following receipt.

If the rate at which interest is passed through or paid to the holders of securities of a series is calculated on a loan-by-loan basis, disproportionate principal prepayments among loans with different Loan Rates will affect the yield on the securities. In most cases, the effective yield to securityholders will be lower than the yield otherwise produced by the applicable Pass-Through Rate or interest rate and purchase price, because while interest will generally accrue on each loan from the first day of the month, the distribution of interest will not be made earlier than the month following the month of accrual.

Delays in Realization on Property; Expenses of Realization

Even assuming that the Properties provide adequate security for the loans, substantial delays could be encountered in connection with the liquidation of defaulted loans and corresponding delays in the receipt of related proceeds by securityholders could occur. An action to foreclose on a Property securing a loan is regulated by state statutes and rules and is subject to many of the delays and expenses of other lawsuits if defenses or counterclaims

are interposed, sometimes requiring several years to complete. Furthermore, in some states an action to obtain a deficiency judgment is not permitted following a nonjudicial sale of a property. In the event of a default by a borrower, these restrictions among other things, may impede the ability of the master servicer to foreclose on or sell the Property or to obtain liquidation proceeds sufficient to repay all amounts due on the related loan. In addition, the master servicer will be entitled to deduct from related liquidation proceeds all expenses reasonably incurred in attempting to recover amounts due on defaulted loans and not yet repaid, including payments to senior lienholders, legal fees and costs of legal action, real estate taxes and maintenance and preservation expenses.

Liquidation expenses with respect to defaulted mortgage loans generally do not vary directly with the outstanding principal balance of the loan at the time of default. Therefore, assuming that a servicer took the same steps in realizing upon a defaulted mortgage loan having a small remaining principal balance as it would in the case of a defaulted mortgage loan having a large remaining principal balance, the amount realized after expenses of liquidation would be smaller as a percentage of the remaining principal balance of the small mortgage loan than would be the case with the other defaulted mortgage loan having a large remaining principal balance.

Applicable state laws generally regulate interest rates and other charges, require certain disclosures, and require licensing of certain originators and servicers of loans. In addition, most have other laws, public policy and general principles of equity relating to the protection of consumers, unfair and deceptive practices and practices which may apply to the origination, servicing and collection of the loans. Depending on the provisions of the applicable law and the specific facts and circumstances involved, violations of these laws, policies and principles may limit the ability of the master servicer to collect all or part of the principal of or interest on the loans, may entitle the borrower to a refund of amounts previously paid and, in addition, could subject the master servicer to damages and administrative sanctions.

Optional Purchase

Under certain circumstances, the master servicer, the holders of the residual interests in a REMIC or another person specified in the related prospectus supplement may have the option to purchase the assets of a trust fund thereby effecting earlier retirement of the related series of securities. See "The Agreements — Termination; Optional Termination".

The relative contribution of the various factors affecting prepayment may vary from time to time. We can give no assurance as to the rate of payment of principal of the Trust Fund Assets at any time or over the lives of the securities.

Prepayment Standards or Models

Prepayments on loans can be measured relative to a prepayment standard or model. The prospectus supplement for a series of securities will describe the prepayment standard or model, if any, used and may contain tables setting forth the projected weighted average life of each class of securities of that series and the percentage of the original principal amount of each class of securities of that series that would be outstanding on specified distribution dates for that series based on the assumptions stated in the prospectus supplement, including assumptions that prepayments on the loans or underlying loans, as applicable, included in the related trust fund are made at rates corresponding to various percentages of the prepayment standard or model specified in the prospectus supplement.

We can give no assurance that prepayment of the loans or underlying loans, as applicable, included in the related trust fund will conform to any level of any prepayment standard or model specified in the related prospectus supplement. The rate of principal prepayments on pools of loans is influenced by a variety of economic, demographic, geographic, legal, tax, social and other factors.

Yield

The yield to an investor who purchases securities in the secondary market at a price other than par will vary from the anticipated yield if the rate of prepayment on the loans is actually different than the rate anticipated by the investor at the time the securities were purchased.

The prospectus supplement relating to a series of securities will discuss in greater detail the effect of the rate and timing of principal payments (including prepayments), delinquencies and losses on the yield, weighted average lives and maturities of the securities.

The Agreements

Set forth below is a description of the material provisions of each Agreement which are not described elsewhere in this prospectus. The description is subject to, and qualified in its entirety by reference to, the provisions of each Agreement. Where particular provisions or terms used in the Agreements are referred to, those provisions or terms are as specified in the Agreements.

Assignment of the Trust Fund Assets

Assignment of the Loans. At the time of issuance of the securities of a series, the depositor will cause the loans comprising the related trust fund to be assigned to the trustee (or trust, in the case of a series with both notes and certificates), without recourse, together with all principal and interest received by or on behalf of the depositor on or with respect to the loans after the cut-off date, other than principal and interest due on or before the cut-off date and other than any Retained Interest specified in the related prospectus supplement. In the case of a series with both notes and certificates, the trust will pledge these assets to the trustee for the benefit of the holders of the notes. The trustee (or trust, in the case of a series with both notes and certificates) will, concurrently with the assignment, deliver the related securities to the depositor in exchange for the loans. Each loan will be identified in a schedule appearing as an exhibit to the related Pooling and Servicing Agreement or Sale and Servicing Agreement, as applicable. The schedule will include information as to the outstanding principal balance of each loan after application of payments due on or before the cut-off date, as well as information regarding the Loan Rate, the maturity of the loan, the Loan-to-Value Ratios at origination and certain other information.

In addition, the depositor will also deliver or cause to be delivered to the trustee (or to the custodian) for each single family loan or multifamily loan,

- the mortgage note or contract endorsed without recourse in blank or to the order of the trustee, except that the depositor may deliver or cause to be delivered a lost note affidavit together with a copy of the original note in lieu of any original mortgage note that has been lost,
- the mortgage, deed of trust or similar instrument (a "Mortgage") with evidence of recording indicated thereon (except for any Mortgage not returned from the public recording office, in which case the depositor will deliver or cause to be delivered a copy of the Mortgage together with a certificate that the original of the Mortgage was delivered to the recording office),
- an assignment of the Mortgage to the trustee, which assignment will be in recordable form in the case of a Mortgage assignment, and
- any other security documents, including those relating to any senior interests in the Property, as may be specified in the related prospectus supplement or the related Pooling and Servicing Agreement or Sale and Servicing Agreement.

The applicable prospectus supplement may provide other arrangements for assuring the priority of assignments, but if it does not, the seller, the depositor or the trustee, as specified in the related Pooling and Servicing Agreement or Sale and Servicing Agreement, will promptly cause the assignments of the related loans to be recorded in the

appropriate public office for real property records, except in states in which, in the opinion of counsel acceptable to the trustee, the recording is not required to protect the trustee's or the certificateholder's interest.

With respect to any loans that are cooperative loans, the depositor will cause to be delivered to the trustee the related original cooperative shares endorsed without recourse in blank or to the order of the trustee, the original security agreement, the proprietary lease or occupancy agreement, the recognition agreement, the relevant financing statements and any other document specified in the related prospectus supplement. The depositor will cause to be filed in the appropriate office an assignment and a financing statement evidencing the trustee's security interest in each cooperative loan.

The trustee (or the custodian) will review the loan documents within the time period specified in the related prospectus supplement after receipt thereof, and the trustee will hold the documents in trust for the benefit of the related securityholders. Generally, if the document is found to be missing or defective in any material respect, the trustee (or the custodian) will notify the master servicer, the depositor, and the related seller. If the seller cannot cure the omission or defect within the time period specified in the related prospectus supplement after receipt of the notice, the seller will be obligated to either purchase the related loan from the trust fund at the Purchase Price or if so specified in the related prospectus supplement, remove the loan from the trust fund and substitute in its place one or more other loans that meet certain requirements set forth therein. We can give no assurance that a seller will fulfill this purchase or substitution obligation. Although the master servicer may be obligated to enforce the obligation to purchase the related loan to the extent described above under "Loan Program — Representations by Sellers; Repurchases," neither the master servicer nor the depositor will be obligated to purchase or replace the loan if the seller defaults on its obligation, unless the breach also constitutes a breach of the representations or warranties of the master servicer or the depositor, as the case may be. The applicable prospectus supplement may provide other remedies, but if it does not, this obligation to cure, purchase or substitute constitutes the sole remedy available to the securityholders or the trustee for omission of, or a material defect in, a constituent document.

The trustee may be authorized to appoint a custodian pursuant to a custodial agreement to maintain possession of and, if applicable, to review the documents relating to the loans as agent of the trustee.

Notwithstanding the foregoing provisions, with respect to a trust fund for which one or more REMIC elections are to be made, no purchase or substitution of a loan will be made if the purchase or substitution would result in a prohibited transaction tax under the Code.

Although the depositor has expressed in the Agreement its intent to treat the conveyance of the loans as a sale, the depositor will also grant to the trustee (or trust, in the case of a series with both notes and certificates) a security interest in the loans. This security interest is intended to protect the interests of the securityholders if a bankruptcy court were to characterize the depositor's transfer of the loans as a borrowing by the depositor secured by a pledge of the loans as described under "Risk Factors – Bankruptcy Or Insolvency May Affect The Timing And Amount Of Distributions On The Securities". In the event that a bankruptcy court did characterize the transaction as a borrowing by the depositor, that borrowing would be secured by the loans in which the depositor granted a security interest to the trustee (or trust, in the case of a series with both notes and certificates). The depositor has agreed to take those actions that are necessary to maintain the security interest granted to the trustee as a first priority, perfected security interest in the loans, including the filing of Uniform Commercial Code financing statements, if necessary.

Assignment of Agency Securities. The depositor will cause the Agency Securities to be registered in the name of the trustee or its nominee, and the trustee concurrently will execute, countersign and deliver the certificates. Each Agency Security will be identified in a schedule appearing as an exhibit to the pooling and servicing agreement, which will specify as to each Agency Security the original principal amount and outstanding principal balance as of the cut-off date, the annual pass-through rate and the maturity date.

Assignment of Non-Agency Mortgage-Backed Securities. The depositor will cause the Non-Agency Mortgage-Backed Securities to be registered in the name of the trustee. The trustee (or the custodian) will have possession of any certificated Non-Agency Mortgage-Backed Securities. Generally, the trustee will not be in possession of or be assignee of record of any underlying assets for a Non-Agency Mortgage-Backed Security. See "The Trust Fund — Non-Agency Mortgage-Backed Securities." Each Non-Agency Mortgage-Backed Security will

be identified in a schedule appearing as an exhibit to the related pooling and servicing agreement which will specify the original principal amount, outstanding principal balance as of the cut-off date, annual pass-through rate or interest rate and maturity date and other specified pertinent information for each Non-Agency Mortgage-Backed Security conveyed to the trustee.

Payments On Loans; Deposits to Security Account

The master servicer will establish and maintain or cause to be established and maintained with respect to the related trust fund a separate account or accounts for the collection of payments on the related Trust Fund Assets in the trust fund (the "Security Account"). The applicable prospectus supplement may provide for other requirements for the Security Account, but if it does not, the Security Account must be either:

- an account or accounts maintained with a federal or state chartered depository institution or trust company the short-term unsecured debt obligations of which (or, in the case of a depository institution or trust company that is the principal subsidiary of a holding company, the debt obligations of such holding company) have the highest short-term ratings of Moody's or Fitch and one of the two highest short-term ratings of S&P, if S&P is a Rating Agency, at the time any amounts are held on deposit therein;
- an account or accounts in a depository institution or trust company the deposits in which are insured by the FDIC (to the limits established by the FDIC), and the uninsured deposits in which are otherwise secured such that, as evidenced by an opinion of counsel, the securityholders have a claim with respect to the funds in the security account or a perfected first priority security interest against any collateral securing the funds that is superior to the claims of any other depositors or general creditors of the depository institution with which the Security Account is maintained;
- a trust account or accounts maintained with the corporate trust department of a federal or state chartered depository institution or trust company, acting in its fiduciary capacity; or
- an account or accounts otherwise acceptable to each Rating Agency.

The collateral eligible to secure amounts in the Security Account is limited to Permitted Investments. A Security Account may be maintained as an interest bearing account or the funds held therein may be invested pending each succeeding distribution date in Permitted Investments. To the extent provided in the related prospectus supplement, the master servicer or its designee will be entitled to direct the investment of the funds held in the Security Account and to receive any interest or other income earned on funds in the Security Account as additional compensation, and will be obligated to deposit in the Security Account the amount of any loss immediately as realized. The Security Account may be maintained with the master servicer or with a depository institution that is an affiliate of the master servicer, provided it meets the standards set forth above.

The master servicer will deposit or cause to be deposited in the Security Account for each trust fund, to the extent applicable and unless otherwise specified in the related Pooling and Servicing Agreement or Sale and Servicing Agreement, and the related prospectus supplement, the following payments and collections received or advances made by or on behalf of it subsequent to the cut-off date (other than payments due on or before the cut-off date and exclusive of any amounts representing any Retained Interest):

- all payments on account of principal, including Principal Prepayments and, if specified in the related prospectus supplement, any applicable prepayment charges, on the loans;
- all payments on account of interest on the loans, net of applicable servicing compensation;
- all proceeds (net of unreimbursed payments of property taxes, insurance premiums and similar items ("Insured Expenses") incurred, and unreimbursed advances made, by the master servicer, if any) of the hazard insurance policies and any Primary Mortgage Insurance Policies, to the extent the proceeds are not applied to the restoration of the property or released to the mortgagor in accordance with the master

servicer's normal servicing procedures (collectively, "Insurance Proceeds") and all other cash amounts (net of unreimbursed expenses incurred in connection with liquidation or foreclosure ("Liquidation Expenses") and unreimbursed advances made, by the master servicer, if any) received and retained in connection with the liquidation of defaulted loans, by foreclosure or otherwise, together with any net proceeds received on a monthly basis with respect to any properties acquired on behalf of the securityholders by foreclosure or deed in lieu of foreclosure ("Liquidation Proceeds") and any Subsequent Recoveries;

- all proceeds of any loan or property in respect thereof purchased by the master servicer, the depositor or any seller as described under "Loan Program — Representations by Sellers; Repurchases" or "— Assignment of Trust Fund Assets" above and all proceeds of any loan purchased as described under "— Termination; Optional Termination" below;
- all payments required to be deposited in the Security Account with respect to any deductible clause in any blanket insurance policy described under "— Hazard Insurance" below;
- any amount required to be deposited by the master servicer in connection with losses realized on investments for the benefit of the master servicer of funds held in the Security Account and, to the extent specified in the related prospectus supplement, any advances required to be made by the master servicer and any payments required to be made by the master servicer in connection with prepayment interest shortfalls; and
- all other amounts required to be deposited in the Security Account pursuant to the Agreement.

Unless otherwise specified in the related prospectus supplement the master servicer will make these deposits within two business days of receipt of the amounts or on a daily basis to the extent the master servicer's or its parent's long term credit rating does not satisfy the requirements set forth in the related Pooling and Servicing Agreement or Sale and Servicing Agreement.

Unless otherwise specified in the related prospectus supplement, the master servicer (or the depositor, as applicable) may from time to time direct the institution that maintains the Security Account to withdraw funds from the Security Account for the following purposes:

- to pay to the master servicer the master servicing fees (subject to reduction) described in the related prospectus supplement, and, as additional servicing compensation, earnings on or investment income with respect to funds in the amounts in the Security Account credited thereto, as well as any other additional servicing compensation specified in the related prospectus supplement;
- to reimburse the master servicer and the trustee for advances, which right of reimbursement with respect to any loan is limited to amounts received that represent late recoveries of payments of principal and/or interest on the loan (or Insurance Proceeds or Liquidation Proceeds with respect thereto) with respect to which the advance was made;
- to reimburse the master servicer and the trustee for any advances previously made which the master servicer has determined to be nonrecoverable;
- to reimburse the master servicer from Insurance Proceeds for expenses incurred by the master servicer and covered by the related insurance policies;
- to reimburse the master servicer for unpaid master servicing fees and unreimbursed out-of-pocket costs and expenses incurred by the master servicer in the performance of its servicing obligations, which right of reimbursement is limited to amounts received representing late recoveries of the payments for which the advances were made;

- to pay to the master servicer, the depositor or the applicable seller, with respect to each loan or property acquired in respect thereof that has been purchased by the master servicer or seller pursuant to the related Agreement, all amounts received after the purchase and not taken into account in determining the purchase price of the repurchased loan;
- to reimburse the master servicer, the depositor or other party specified in the related prospectus supplement for expenses incurred and reimbursable pursuant to the Agreement;
- to pay any lender-paid primary mortgage insurance premium;
- to withdraw any amount deposited in the Security Account and not required to be deposited therein; and
- to clear and terminate the Security Account upon termination of the Agreement.

In addition, the Agreement will generally provide that, on or prior to the business day immediately preceding each distribution date, the master servicer shall withdraw from the Security Account the amount of Available Funds and the trustee fee for the distribution date, to the extent on deposit, for deposit in an account maintained by the trustee for the related series of securities.

Unless otherwise specified in the related prospectus supplement, aside from the annual compliance review and servicing criteria assessment and accompanying accountants' attestation, there is no independent verification of the transaction accounts or the transaction activity. The master servicer is required to provide an annual certification to the effect that the master servicer has fulfilled its obligations under the related Pooling and Servicing Agreement or Sale and Servicing Agreement throughout the preceding year, as well as an annual assessment and an accompanying accountants' attestation as to its compliance with applicable servicing criteria. See " – Evidence as to Compliance."

Pre-Funding Account

If so provided in the related prospectus supplement, the trustee will establish and maintain an account (the "Pre-Funding Account"), in the name of the related trustee on behalf of the related securityholders, into which the seller or the depositor will deposit cash in an amount specified in the prospectus supplement (the "Pre-Funded Amount") on the related closing date. The Pre-Funding Account will be maintained with the trustee for the related series of securities or with another eligible institution, and is designed solely to hold funds to be applied during the period from the closing date to a date not more than a year after the closing date (the "Funding Period") to pay to the depositor the purchase price for loans purchased during the Funding Period (the "Subsequent Loans"). Monies on deposit in the Pre-Funding Account will not be available to cover losses on or in respect of the related loans. The Pre-Funded Amount will not exceed 50% of the initial aggregate principal amount of the certificates and notes of the related series. The Pre-Funded Amount will be used by the related trustee to purchase Subsequent Loans from the depositor from time to time during the Funding Period. The Funding Period, if any, for a trust fund will begin on the related closing date and will end on the date specified in the related prospectus supplement, which in no event will be later than the date that is one year after the related closing date. Monies on deposit in the Pre-Funding Account may be invested in Permitted Investments under the circumstances and in the manner described in the related prospectus supplement. Unless otherwise specified in the related prospectus supplement, earnings on investment of funds in the Pre-Funding Account will be deposited into the related Security Account or the other trust account as is specified in the related prospectus supplement and losses will be charged against the funds on deposit in the Pre-Funding Account. Any amounts remaining in the Pre-Funding Account at the end of the Funding Period will be distributed in the manner and priority specified in the related prospectus supplement.

In addition, if so provided in the related prospectus supplement, on the related closing date the depositor or the seller will deposit in an account (the "Capitalized Interest Account") cash in the amount necessary to cover shortfalls in interest on the related series of securities that may arise as a result of utilization of the Pre-Funding Account as described above, or with respect to the related distributions dates, Countrywide Home Loans may deposit the amount of these shortfalls specified in the related prospectus supplement in to the related Security

Account. The Capitalized Interest Account shall be maintained with the trustee for the related series of securities and is designed solely to cover the above-mentioned interest shortfalls. Neither the monies on deposit in the Capitalized Interest Account nor any amounts paid by Countrywide Home Loans will be available to cover losses on or in respect of the related loans. To the extent that the entire amount on deposit in the Capitalized Interest Account has not been applied to cover shortfalls in interest on the related series of securities by the end of the Funding Period, any amounts remaining in the Capitalized Interest Account will be paid to the depositor.

Investments in Amounts Held in Accounts

Unless otherwise specified in the related prospectus supplement, funds held in a Security Account, any Pre-Funding Account, any Capitalized Interest Account, any reserve fund or any other accounts that are part of the Trust Fund Assets, may be invested in "Permitted Investments" which may include one or more of the following:

- (i) obligations of the United States or any agency thereof, provided the obligations are backed by the full faith and credit of the United States;
- (ii) general obligations of or obligations guaranteed by any state of the United States or the District of Columbia receiving the highest long-term debt rating of each Rating Agency rating the related series of securities, or such lower rating as will not result in the downgrading or withdrawal of the ratings then assigned to the related securities by each Rating Agency;
- (iii) commercial paper issued by Countrywide Home Loans, Inc. or any of its affiliates; provided that the commercial paper is rated no lower than the rating specified in the related prospectus supplement;
- (iv) commercial or finance company paper which is then receiving the highest commercial or finance company paper rating of each Rating Agency, or such lower rating as will not result in the downgrading or withdrawal of the ratings then assigned to the related securities by each Rating Agency;
- (v) certificates of deposit, demand or time deposits, or bankers' acceptances issued by any depository institution or trust company incorporated under the laws of the United States or of any state thereof and subject to supervision and examination by federal and/or state banking authorities, provided that the commercial paper and/or long term unsecured debt obligations of the depository institution or trust company (or in the case of the principal depository institution in a holding company system, the commercial paper or long-term unsecured debt obligations of the holding company, but only if Moody's Investors Service, Inc. is not a Rating Agency) are then rated one of the two highest long-term and the highest short-term ratings of each Rating Agency for the securities, or such lower ratings as will not result in the downgrading or withdrawal of the ratings then assigned to the related securities by each Rating Agency;
- (vi) demand or time deposits or certificates of deposit issued by any bank or trust company or savings institution to the extent that the deposits are fully insured by the FDIC;
- (vii) guaranteed reinvestment agreements issued by any bank, insurance company or other corporation containing, at the time of the issuance of the agreements, the terms and conditions as each Rating Agency has confirmed in writing are sufficient for the ratings originally assigned to the related securities by each such Rating Agency;
- (viii) repurchase obligations with respect to any security described in clauses (i) and (ii) above, in either case entered into with a depository institution or trust company (acting as principal) described in clause (v) above;
- (ix) securities (other than stripped bonds, stripped coupons or instruments sold at a purchase price in excess of 115% of the face amount thereof) bearing interest or sold at a discount issued by any corporation incorporated under the laws of the United States or any state thereof which, at the time of the

investment, have one of the two highest ratings of each Rating Agency (except if the Rating Agency is Moody's, the rating shall be the highest commercial paper rating of Moody's for any of those securities), or such lower ratings as will not result in the downgrading or withdrawal of the ratings then assigned to the related securities by each Rating Agency;

(x) interests in any money market fund which at the date of acquisition of the interests in the fund and throughout the time the interests are held in the fund has the highest applicable rating by each Rating Agency or a lower rating as will not result in the downgrading or withdrawal of the ratings then assigned to the related securities by each Rating Agency;

(xi) units of a taxable money-market portfolio having the highest rating assigned by each Rating Agency and restricted to obligations issued or guaranteed by the United States of America or entities whose obligations are backed by the full faith and credit of the United States of America and repurchase agreements collateralized by such obligations;

(xii) short term investment funds sponsored by any trust company or national banking association incorporated under the laws of the United States or any state thereof which on the date of acquisition has been rated by each Rating Agency in their respective highest applicable rating category or a lower rating as will not result in the downgrading or withdrawal of the ratings then assigned to the related securities by each Rating Agency; and

(xiii) other investments that have a specified stated maturity and bearing interest or sold at a discount acceptable to each Rating Agency as will not result in the downgrading or withdrawal of the rating then assigned to the related securities by any Rating Agency, as evidenced by a signed writing delivered by each Rating Agency; provided that none of those investments shall be a Permitted Investment if the investments evidences the right to receive interest only payments with respect to the obligations underlying the investment.

If a letter of credit is deposited with the trustee, that letter of credit will be irrevocable and will name the trustee, in its capacity as trustee for the holders of the securities, as beneficiary and will be issued by an entity acceptable to each Rating Agency that rates the securities of the related series. Additional information with respect to the instruments deposited in the accounts will be set forth in the related prospectus supplement.

Unless otherwise specified in the related prospectus supplement, the Permitted Investments will be held in the name of the trustee for the benefit of the securityholders and may not mature later than:

- in the case of a Security Account, the second business day next preceding the date on which funds must be transferred to the trustee in each month (except that if the Permitted Investment is an obligation of the institution that maintains the Security Account, then the Permitted Investment may not mature later than the business day next preceding that date) and may not be sold or disposed of prior to its maturity; and
- in the case of the any other account, the business day immediately preceding the first distribution date that follows the date of the investment (except that if the Permitted Investment is an obligation of the institution that maintains the account, then the Permitted Investment may mature not later than the related distribution date) and may not be sold or disposed of prior to its maturity.

Sub-Servicing by Sellers

Each seller of a loan or any other servicing entity may act as the sub-servicer for the loan pursuant to a sub-servicing agreement, which will not contain any terms inconsistent with the related Agreement. Notwithstanding any subservicing arrangement, unless otherwise provided in the related prospectus supplement, the master servicer will remain liable for its servicing duties and obligations under the related Agreement as if the master servicer alone were servicing the loans.

Collection Procedures

The master servicer, directly or through one or more sub-servicers, will make reasonable efforts to collect all payments called for under the loans and will, consistent with each Agreement and any mortgage insurance policy required to be maintained under the related Agreement, follow collection procedures that are customary with respect to loans that are comparable to the loans. Consistent with the above, the master servicer may, in its discretion, waive any assumption fee, late payment or other charge in connection with a loan and to the extent not inconsistent with the coverage of the loan by any mortgage insurance policy required to be maintained under the related Agreement, if applicable, arrange with a borrower a schedule for the liquidation of delinquencies running for no more than 180 days after the applicable due date for each payment. To the extent the master servicer is obligated to make or cause to be made advances, the obligation will remain during any period of that arrangement.

The applicable prospectus supplement may provide for other alternatives regarding due-on-sale clause, but if it does not, in any case in which property securing a loan has been, or is about to be, conveyed by the mortgagor or obligor, the master servicer will, to the extent it has knowledge of the conveyance or proposed conveyance, exercise or cause to be exercised its rights to accelerate the maturity of the loan under any due-on-sale clause applicable thereto, but only if the exercise of the rights is permitted by applicable law and will not impair or threaten to impair any recovery under any mortgage insurance policy required to be maintained under the related Agreement. If these conditions are not met or if the master servicer reasonably believes it is unable under applicable law to enforce the due-on-sale clause or if coverage under any required mortgage insurance policy would be adversely affected, the master servicer will enter into or cause to be entered into an assumption and modification agreement with the person to whom the property has been or is about to be conveyed, pursuant to which the person becomes liable for repayment of the loan and, to the extent permitted by applicable law, the mortgagor remains liable thereon. Any fee collected by or on behalf of the master servicer for entering into an assumption agreement will be retained by or on behalf of the master servicer as additional servicing compensation. See "Certain Legal Aspects of the Loans — Due-on-Sale Clauses". In connection with any assumption, the terms of the related loan may not be changed.

With respect to cooperative loans, any prospective purchaser will generally have to obtain the approval of the board of directors of the relevant cooperative before purchasing the shares and acquiring rights under the related proprietary lease or occupancy agreement. See "Certain Legal Aspects of the Loans". This approval is usually based on the purchaser's income and net worth and numerous other factors. Although the cooperative's approval is unlikely to be unreasonably withheld or delayed, the necessity of acquiring approval could limit the number of potential purchasers for those shares and otherwise limit the trust fund's ability to sell and realize the value of those shares.

In general a "tenant-stockholder" (as defined in Code Section 216(b)(2)) of a corporation that qualifies as a "cooperative housing corporation" within the meaning of Code Section 216(b)(1) is allowed a deduction for amounts paid or accrued within his taxable year to the corporation representing his proportionate share of certain interest expenses and certain real estate taxes allowable as a deduction under Code Section 216(a) to the corporation under Code Sections 163 and 164. In order for a corporation to qualify under Code Section 216(b)(1) for its taxable year in which those items are allowable as a deduction to the corporation, that Section requires, among other things, that at least 80% of the gross income of the corporation be derived from its tenant-stockholders (as defined in Code Section 216(b)(2)). By virtue of this requirement, the status of a corporation for purposes of Code Section 216(b)(1) must be determined on a year-to-year basis. Consequently, we can give no assurance that cooperatives relating to the cooperative loans will qualify under that Section for any particular year. In the event that a cooperative fails to qualify for one or more years, the value of the collateral securing any related cooperative loans could be significantly impaired because no deduction would be allowable to tenant-stockholders under Code Section 216(a) with respect to those years. In view of the significance of the tax benefits accorded tenant-stockholders of a corporation that qualifies under Code Section 216(b)(1), the likelihood that a failure to qualify would be permitted to continue over a period of years appears remote.

Hazard Insurance

In general, the master servicer will require the mortgagor or obligor on each loan to maintain a hazard insurance policy providing for coverage in an amount that is at least equal to the lesser of:

- the maximum insurable value of the improvements securing the loan; or
- the greater of:

(1) the outstanding principal balance of the loan; and

(2) an amount such that the proceeds of the policy shall be sufficient to prevent the mortgagor and/or the mortgagee from becoming a co-insurer.

All amounts collected by the master servicer under any hazard policy (except for amounts to be applied to the restoration or repair of the Property or released to the mortgagor or obligor in accordance with the master servicer's normal servicing procedures) will be deposited in the related Security Account. In the event that the master servicer maintains a blanket policy insuring against hazard losses on all the loans comprising part of a trust fund, it will conclusively be deemed to have satisfied its obligation relating to the maintenance of hazard insurance. The blanket policy may contain a deductible clause, in which case the master servicer will be required to deposit from its own funds into the related Security Account the amounts which would have been deposited therein but for that clause.

In general, the standard form of fire and extended coverage policy covers physical damage to or destruction of the improvements securing a loan by fire, lightning, explosion, smoke, windstorm and hail, riot, strike and civil commotion, subject to the conditions and exclusions particularized in each policy. Although the policies relating to the loans may have been underwritten by different insurers under different state laws in accordance with different applicable forms and therefore may not contain identical terms and conditions, the basic terms thereof are dictated by respective state laws, and most policies typically do not cover any physical damage resulting from the following: war, revolution, governmental actions, floods and other water-related causes, earth movement (including earthquakes, landslides and mud flows), nuclear reactions, wet or dry rot, vermin, rodents, insects or domestic animals, theft and, in certain cases, vandalism and hurricanes. The foregoing list is merely indicative of certain kinds of uninsured risks and is not intended to be all inclusive. If the Property securing a loan is located in a federally designated special flood area at the time of origination, the master servicer will require the mortgagor or obligor to obtain and maintain flood insurance.

The hazard insurance policies covering properties securing the loans typically contain a clause which in effect requires the insured at all time to carry insurance of a specified percentage (generally 80% to 90%) of the full replacement value of the insured property in order to recover the full amount of any partial loss. If the insured's coverage falls below this specified percentage, then the insurer's liability in the event of partial loss will not exceed the larger of

- the actual cash value (generally defined as replacement cost at the time and place of loss, less physical depreciation) of the improvements damaged or destroyed and
- the proportion of the loss as the amount of insurance carried bears to the specified percentage of the full replacement cost of the improvements.

Since the amount of hazard insurance the master servicer may cause to be maintained on the improvements securing the loans declines as the principal balances owing thereon decrease, and since improved real estate generally has appreciated in value over time in the past, the effect of this requirement in the event of partial loss may be that hazard insurance proceeds will be insufficient to restore fully the damaged property. If specified in the related prospectus supplement, a special hazard insurance policy will be obtained to insure against certain of the uninsured risks described above. See "Credit Enhancement".

The master servicer will not require that a standard hazard or flood insurance policy be maintained on the cooperative dwelling relating to any cooperative loan. Generally, the cooperative itself is responsible for maintenance of hazard insurance for the property owned by the cooperative and the tenant-stockholders of that cooperative do not maintain individual hazard insurance policies. To the extent, however, that a cooperative and the related borrower on a cooperative loan do not maintain that insurance or do not maintain adequate coverage or any

insurance proceeds are not applied to the restoration of damaged property, any damage to the borrower's cooperative dwelling or the cooperative's building could significantly reduce the value of the collateral securing the cooperative loan to the extent not covered by other credit support.

If the Property securing a defaulted loan is damaged and proceeds, if any, from the related hazard insurance policy are insufficient to restore the damaged Property, the master servicer is not required to expend its own funds to restore the damaged Property unless it determines (i) that the restoration will increase the proceeds to securityholders on liquidation of the loan after reimbursement of the master servicer for its expenses and (ii) that the expenses will be recoverable by it from related Insurance Proceeds, Liquidation Proceeds or Subsequent Recoveries.

If recovery on a defaulted loan under any related Insurance Policy is not available for the reasons set forth in the preceding paragraph, or if the defaulted loan is not covered by an Insurance Policy, the master servicer will be obligated to follow or cause to be followed those normal practices and procedures as it deems necessary or advisable to realize upon the defaulted loan. If the proceeds of any liquidation of the Property securing the defaulted loan are less than the principal balance of the loan plus interest accrued thereon that is payable to securityholders, the trust fund will realize a loss in the amount of the difference plus the aggregate of expenses incurred by the master servicer in connection with the proceedings and which are reimbursable under the Agreement. In the unlikely event that those proceedings result in a total recovery which is, after reimbursement to the master servicer of its expenses, in excess of the principal balance of the loan plus interest accrued thereon that is payable to securityholders, the master servicer will be entitled to withdraw or retain from the Security Account amounts representing its normal servicing compensation with respect to the loan and amounts representing the balance of the excess, exclusive of any amount required by law to be forwarded to the related borrower, as additional servicing compensation.

If the master servicer or its designee recovers Insurance Proceeds which, when added to any related Liquidation Proceeds and after deduction of certain expenses reimbursable to the master servicer, exceed the principal balance of the loan plus interest accrued thereon that is payable to securityholders, the master servicer will be entitled to withdraw or retain from the Security Account amounts representing its normal servicing compensation with respect to the loan. In the event that the master servicer has expended its own funds to restore the damaged Property and the funds have not been reimbursed under the related hazard insurance policy, it will be entitled to withdraw from the Security Account out of related Liquidation Proceeds or Insurance Proceeds an amount equal to the expenses incurred by it, in which event the trust fund may realize a loss up to the amount so charged. Since Insurance Proceeds cannot exceed deficiency claims and certain expenses incurred by the master servicer, that payment or recovery will not result in a recovery to the trust fund which exceeds the principal balance of the defaulted loan together with accrued interest thereon. See "Credit Enhancement".

Application of Liquidation Proceeds

The proceeds from any liquidation of a loan will be applied in the following order of priority:

- to reimburse the master servicer for any unreimbursed expenses incurred by it to restore the related Property and any unreimbursed servicing compensation payable to the master servicer with respect to the loan;
- to reimburse the master servicer and trustee for any unreimbursed advances with respect to the loan;
- to accrued and unpaid interest (to the extent no advance has been made for that amount or the advance has been reimbursed) on the loan; and
- as a recovery of principal of the loan.

Unless otherwise specified in the related prospectus supplement, excess proceeds from the liquidation of a loan will be retained by the master servicer as additional servicing compensation.

If specified in the related prospectus supplement, if, after final liquidation of a mortgage loan, the master servicer receives a recovery specifically related to that mortgage loan, the recovery (net of any reimbursable

expenses) will be distributed to the securityholders in the manner specified in the related prospectus supplement. In addition, the principal balance of each class of securities to which realized losses have been allocated, will be increased, sequentially in the order of payment priority, to the extent that such subsequent recoveries are distributed as principal to any class of securities. However, the principal balance of the class of securities will not be increased by more than the amount of realized losses previously applied to reduce the principal balance of each the class of securities. Holders of securities whose class principal balance is increased in this manner will not be entitled to interest on the increased balance for any interest accrual period preceding the Distribution Date on which the increase occurs.

Realization Upon Defaulted Loans

Primary Mortgage Insurance Policies. If so specified in the related prospectus supplement, the master servicer will maintain or cause to be maintained, as the case may be, in full force and effect, a Primary Mortgage Insurance Policy with regard to each loan for which the coverage is required. Primary Mortgage Insurance Policies reimburse certain losses sustained by reason of defaults in payments by borrowers. The master servicer will not cancel or refuse to renew any Primary Mortgage Insurance Policy in effect at the time of the initial issuance of a series of securities that is required to be kept in force under the applicable Agreement unless the replacement Primary Mortgage Insurance Policy for the cancelled or nonrenewed policy is maintained with an insurer whose claims-paying ability is sufficient to maintain the current rating of the classes of securities of the series that have been rated.

Although the terms of primary mortgage insurance vary, the amount of a claim for benefits under a Primary Mortgage Insurance Policy covering a loan will consist of the insured percentage of the unpaid principal amount of the covered loan and accrued and unpaid interest on it and reimbursement of certain expenses, less all rents or other payments collected or received by the insured (other than the proceeds of hazard insurance) that are derived from or in any way related to the Property, hazard insurance proceeds in excess of the amount required to restore the Property and which have not been applied to the payment of the mortgage loan, amounts expended but not approved by the issuer of the related Primary Mortgage Insurance Policy, claim payments previously made by the primary insurer and unpaid premiums.

Primary Mortgage Insurance Policies reimburse certain losses sustained from defaults in payments by borrowers. Primary Mortgage Insurance Policies will not insure against, and exclude from coverage, a loss sustained from a default arising from or involving certain matters, including fraud or negligence in origination or servicing of the loans, including misrepresentation by the originator, mortgagor, obligor or other persons involved in the origination of the loan; failure to construct the Property subject to the mortgage loan in accordance with specified plans; physical damage to the Property; and the related sub-servicer not being approved as a servicer by the primary insurer.

As conditions precedent to the filing of or payment of a claim under a Primary Mortgage Insurance Policy covering a loan, the insured will generally be required to

- advance or discharge all hazard insurance policy premiums and as necessary and approved in advance by the primary insurer, real estate property taxes, all expenses required to maintain the related Property in at least as good a condition as existed at the effective date of the Primary Mortgage Insurance Policy, ordinary wear and tear excepted, Property sales expenses, any specified outstanding liens on the Property and foreclosure costs, including court costs and reasonable attorneys' fees;
- upon any physical loss or damage to the Property, have the Property restored and repaired to at least as good a condition as existed at the effective date of the Primary Mortgage Insurance Policy, ordinary wear and tear excepted; and
- tender to the primary insurer good and merchantable title to and possession of the Property.

The master servicer, on behalf of itself, the trustee and the certificateholders, will present claims to the insurer under each primary mortgage insurance policy, and will take any reasonable steps consistent with its

practices regarding comparable mortgage loans and necessary to receive payment or to permit recovery under the policy with respect to defaulted mortgage loans.

FHA Insurance; VA Guaranties. Loans designated in the related prospectus supplement as insured by the FHA will be insured by the FHA as authorized under the United States Housing Act of 1937, as amended. Certain loans will be insured under various FHA programs including the standard FHA 203 (b) program to finance the acquisition of one- to four-family housing units and the FHA 245 graduated payment mortgage program. These programs generally limit the principal amount and interest rates of the mortgage loans insured. Loans insured by FHA generally require a minimum down payment of approximately 5% of the original principal amount of the loan. No FHA-insured loans relating to a series may have an interest rate or original principal amount exceeding the applicable FHA limits at the time of origination of the loan.

The insurance premiums for loans insured by the FHA are collected by lenders approved by the HUD or by the master servicer or any sub-servicers and are paid to the FHA. The regulations governing FHA single-family mortgage insurance programs provide that insurance benefits are payable either upon foreclosure (or other acquisition of possession) and conveyance of the mortgaged premises to HUD or upon assignment of the defaulted loan to HUD. With respect to a defaulted FHA-insured loan, the master servicer or any sub-servicer is limited in its ability to initiate foreclosure proceedings. When it is determined, either by the master servicer or any sub-servicer or HUD, that default was caused by circumstances beyond the mortgagor's control, the master servicer or any sub-servicer is expected to make an effort to avoid foreclosure by entering, if feasible, into one of a number of available forms of forbearance plans with the mortgagor. These plans may involve the reduction or suspension of regular loan payments for a specified period, with the payments to be made up on or before the maturity date of the loan, or the recasting of payments due under the loan up to or beyond the maturity date. In addition, when a default caused by circumstances beyond the mortgagor's control is accompanied by certain other criteria, HUD may provide relief by making payments to the master servicer or any sub-servicer in partial or full satisfaction of amounts due under the loan (which payments are to be repaid by the mortgagor to HUD) or by accepting assignment of the loan from the master servicer or any sub-servicer. With certain exceptions, at least three full monthly installments must be due and unpaid under the loan and HUD must have rejected any request for relief from the mortgagor before the master servicer or any sub-servicer may initiate foreclosure proceedings.

HUD has the option, in most cases, to pay insurance claims in cash or in debentures issued by HUD. Currently, claims are being paid in cash, and claims have not been paid in debentures since 1965. HUD debentures issued in satisfaction of FHA insurance claims bear interest at the applicable HUD debentures interest rate. The master servicer of any sub-servicer of each FHA-insured mortgage loan will be obligated to purchase the debenture issued in satisfaction of the loan upon default for an amount equal to the principal amount of the debenture.

The amount of insurance benefits generally paid by the FHA is equal to the entire unpaid principal amount of the defaulted loan adjusted to reimburse the master servicer or sub-servicer for certain costs and expenses and to deduct certain amounts received or retained by the master servicer or sub-servicer after default. When entitlement to insurance benefits results from foreclosure (or other acquisition of possession) and conveyance to HUD, the master servicer or sub-servicer is compensated for no more than two-thirds of its foreclosure costs, and is compensated for accrued and unpaid interest but in general only to the extent it was allowed pursuant to a forbearance plan approved by HUD. When entitlement to insurance benefits results from assignment of the loan to HUD, the insurance payment includes full compensation for interest accrued and unpaid to the assignment date. The insurance payment itself, upon foreclosure of an FHA-insured mortgage loan, bears interest from a date 30 days after the mortgagor's first uncorrected failure to perform any obligation to make any payment due under the loan and, upon assignment, from the date of assignment to the date of payment of the claim, in each case at the same interest rate as the applicable HUD debenture interest rate as described above.

Loans designated in the related prospectus supplement as guaranteed by the VA will be partially guaranteed by the VA under the Serviceman's Readjustment Act of 1944, as amended (a "VA Guaranty"). The Serviceman's Readjustment Act of 1944, as amended, permits a veteran (or in certain instances the spouse of a veteran) to obtain a mortgage loan guaranty by the VA covering mortgage financing of the purchase of a one- to four-family dwelling unit at interest rates permitted by the VA. The program has no mortgage loan limits, requires no down payment from the purchaser and permits the guaranty of mortgage loans of up to 30 years' duration. However, no loan guaranteed by the VA will have an original principal amount greater than five times the partial VA guaranty for the

loan. The maximum guaranty that may be issued by the VA under a VA guaranteed mortgage loan depends upon the original principal amount of the mortgage loan, as further described in 38 United States Code Section 1803(a), as amended.

The liability on the guaranty may be reduced or increased pro rata with any reduction or increase in the amount of indebtedness, but in no event will the amount payable on the guaranty exceed the amount of the original guaranty. The VA, at its option and without regard to the guaranty, may make full payment to a mortgage holder of unsatisfied indebtedness on a loan upon its assignment to the VA.

With respect to a defaulted VA guaranteed loan, the master servicer or sub-servicer is, absent exceptional circumstances, authorized to announce its intention to foreclose only when the default has continued for three months. Generally, a claim for the guaranty is submitted after liquidation of the mortgaged property.

The amount payable under the guaranty will be the percentage of the VA-insured loan originally guaranteed applied to indebtedness outstanding as of the applicable date of computation specified in the VA regulations. Payments under the guaranty will be equal to the unpaid principal amount of the loan, interest accrued on the unpaid balance of the loan to the appropriate date of computation and limited expenses of the mortgagee, but in each case only to the extent that the amounts have not been recovered through liquidation of the mortgaged property.

Servicing and Other Compensation and Payment of Expenses

The principal servicing compensation to be paid to the master servicer in respect of its master servicing activities for each series of securities will be equal to the percentage per annum described in the related prospectus supplement (which may vary under certain circumstances) of the outstanding principal balance of each loan, and that compensation will be retained by it from collections of interest on the loan in the related trust fund (the "Master Servicing Fee"). As compensation for its servicing duties, a sub-servicer or, if there is no sub-servicer, the master servicer will be entitled to a monthly servicing fee as described in the related prospectus supplement. In addition, generally, the master servicer or sub-servicer will retain all prepayment charges, assumption fees and late payment charges, to the extent collected from borrowers, and any benefit that may accrue as a result of the investment of funds in the applicable Security Account.

The master servicer will, to the extent permitted in the related Pooling and Servicing Agreement or Sale and Servicing Agreement, pay or cause to be paid certain ongoing expenses associated with each trust fund and incurred by it in connection with its responsibilities under the related Agreement, including, without limitation, payment of any fee or other amount payable in respect of any credit enhancement arrangements, payment of the fees and disbursements of the trustee, unless otherwise specified in the related prospectus supplement, any custodian appointed by the trustee, the certificate registrar and any paying agent, and payment of expenses incurred in enforcing the obligations of sub-servicers and sellers. The master servicer will be entitled to reimbursement of expenses incurred in enforcing the obligations of sub-servicers and sellers under certain limited circumstances. In addition, as indicated in the preceding section, the master servicer will be entitled to reimbursement for certain expenses incurred by it in connection with any defaulted loan as to which it has determined that all recoverable Liquidation Proceeds and Insurance Proceeds have been received and in connection with the restoration of Properties, the right of reimbursement being before the rights of holders of the securities to receive any related Liquidation Proceeds (including Insurance Proceeds).

Evidence as to Compliance

Each Agreement will provide for delivery to the depositor and the trustee, on or before a specified date in each year, of an annual statement signed by an authorized officer of the master servicer to the effect that the master servicer has fulfilled its obligations under the Agreement throughout the preceding year.

Each Agreement will also provide for delivery to the depositor, the master servicer and the trustee, on or before a specified date in each year, of an annual servicing assessment report from each party performing servicing functions with respect to the related series, including any servicer that services 5% or more of the Trust Fund Assets.

In each assessment report, the party providing the report must include an assessment of its compliance with the servicing criteria during the previous fiscal year, and disclose any material noncompliance with the applicable servicing criteria. The servicing criteria are divided generally into four categories:

- general servicing considerations;
- cash collection and administration;
- investor remittances and reporting; and
- pool asset administration.

Each servicing assessment report is required to be accompanied by attestation report provided by a public registered accounting firm. The attestation report must contain an opinion of the registered public accounting firm as to whether the related servicing criteria assessment was fairly stated in all material respects, or a statement that the firm cannot express that opinion. The attestation examination must be made in accordance with the attestation engagement standards issued or adopted by the Public Company Accounting Oversight Board.

Copies of the annual servicing compliance statement, the servicing criteria assessment report and related accountants attestations and the annual accountants' statement (if any) may be obtained by securityholders of the related series without charge upon written request to the master servicer at the address set forth in the related prospectus supplement.

Certain Matters Regarding the Master Servicer and the Depositor

The master servicer under each Pooling and Servicing Agreement or Sale and Servicing Agreement, as applicable, will be named in the related prospectus supplement. The entity serving as master servicer may have normal business relationships with the depositor or the depositor's affiliates.

Each Agreement will provide that the master servicer may not resign from its obligations and duties under the Agreement except upon a determination that its duties thereunder are no longer permissible under applicable law or upon appointment of a successor servicer and with receipt by the trustee of written confirmation from each Ratings Agency that such resignation and appointment would not result in a downgrade or withdrawal of the ratings of any of the securities. The master servicer may, however, be removed from its obligations and duties as set forth in the Agreement. No resignation will become effective until the trustee or a successor servicer has assumed the master servicer's obligations and duties under the Agreement.

Each Agreement will further provide that neither the master servicer, the depositor nor any director, officer, employee, or agent of the master servicer or the depositor will be under any liability to the securityholders for any action taken or for refraining from the taking of any action in good faith pursuant to the Agreement, or for errors in judgment; provided, however, that neither the master servicer, the depositor nor any person will be protected against any breach of a representation and warranty, any liability which would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence in the performance of duties thereunder or by reason of reckless disregard of obligations and duties thereunder. Each Agreement will further provide that the master servicer, the depositor and any director, officer, employee or agent of the master servicer or the depositor will be entitled to indemnification by the related trust fund and will be held harmless against any loss, liability or expense incurred in connection with any audit, controversy or judicial proceeding relating to a governmental taxing authority or any legal action relating to the Agreement or the securities, other than any loss, liability or expense related to any specific loan or loans (except any loss, liability or expense otherwise reimbursable pursuant to the Agreement) and any loss, liability or expense incurred by reason of willful misfeasance, bad faith or gross negligence in the performance of duties thereunder or by reason of reckless disregard of obligations and duties thereunder. In addition, each Agreement will provide that neither the master servicer nor the depositor will be under any obligation to appear in, prosecute or defend any legal action which is not incidental to its respective responsibilities under the Agreement and which in its opinion may involve it in any expense or liability. The master servicer or the depositor

may, however, in its discretion undertake any action which it may deem necessary or desirable with respect to the Agreement and the rights and duties of the parties thereto and the interests of the trustee and the securityholders thereunder. In that event, the legal expenses and costs of the action and any liability resulting therefrom will be expenses, costs and liabilities of the trust fund and the master servicer or the depositor, as the case may be, will be entitled to be reimbursed therefor out of funds otherwise distributable to securityholders.

In general, any person into which the master servicer may be merged or consolidated, or any person resulting from any merger or consolidation to which the master servicer is a party, or any person succeeding to the business of the master servicer, will be the successor of the master servicer under each Agreement, provided that that person is qualified to sell mortgage loans to, and service mortgage loans on behalf of, Fannie Mae or Freddie Mac.

Events of Default; Rights Upon Event of Default

Pooling and Servicing Agreement; Sale and Servicing Agreement. The applicable prospectus supplement may provide for other Events of Default under any Pooling and Servicing Agreement or Sale and Servicing Agreement, but if it does not, the Events of Default will consist of

- any failure by the master servicer to deposit in the Security Account or remit to the trustee or trust, as applicable, any payment required to be made under the terms of the Agreement which continues unremedied for five days after the giving of written notice of the failure to the master servicer by the trustee or the depositor, or to the master servicer and the trustee by the holders of securities evidencing not less than 25% of the Voting Rights evidenced by the securities;
- any failure by the master servicer to observe or perform in any material respect any of its other covenants or agreements in the Agreement which failure materially affects the rights of the holders of the securities and continues unremedied for sixty days after the giving of written notice of the failure to the master servicer by the trustee or the depositor, or to the master servicer and the trustee by the holders of securities evidencing not less than 25% of the Voting Rights evidenced by the securities; and
- certain events of insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceeding and certain actions by or on behalf of the master servicer indicating its insolvency, reorganization or inability to pay its obligations.

“Voting Rights” are the portion of voting rights of all of the securities that is allocated to any security pursuant to the terms of the Agreement.

If specified in the related prospectus supplement, the Agreement will permit the trustee to sell the Trust Fund Assets and the other assets of the trust fund described under “Credit Enhancement” herein in the event that payments on them are insufficient to make payments required in the Agreement. The assets of the trust fund will be sold only under the circumstances and in the manner specified in the related prospectus supplement.

The applicable prospectus supplement may provide for steps required to be taken if an Event of Default remains unremedied, but if it does not, so long as an Event of Default under an Agreement remains unremedied, the trustee may, and under the circumstances decided in the related Master Servicing Agreement, shall at the direction of holders of certificates having not less than 66⅔% of the Voting Rights, or notes of any class evidencing not less than 25% of the aggregate percentage interests constituting that class, and under those circumstances as may be specified in the Agreement, the trustee shall terminate all of the rights and obligations of the master servicer under the Agreement relating to the trust fund and in and to the related Trust Fund Assets, whereupon the trustee will succeed to all of the responsibilities, duties and liabilities of the master servicer under the Agreement, including, if specified in the related prospectus supplement, the obligation to make advances, and will be entitled to similar compensation arrangements. After the master servicer has received notice of termination, the trustee may execute and deliver, on behalf of the master servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and do or accomplish all other acts or things necessary or appropriate to effect the termination of the master servicer, including the transfer and endorsement or assignment of the loans and related documents. The

master servicer has agreed to cooperate with the trustee in effecting the termination of the master servicer, including the transfer to the trustee of all cash amounts which shall at the time be credited to the Security Account, or thereafter be received with respect to the loans. Upon request of the trustee, the master servicer has also agreed, at its expense, to deliver to the assuming party all documents and records relating to each subservicing agreement and the loans then being serviced thereunder and an accounting of amounts collected held by it and otherwise use its best efforts to effect the orderly and efficient transfer of the subservicing agreement to the assuming party. No additional funds have been reserved to pay for any expenses not paid by the master servicer in connection with a servicing transfer.

In the event that the trustee is unwilling or unable to act as the successor to the master servicer, it may appoint, or petition a court of competent jurisdiction for the appointment of, a mortgage loan servicing institution with a net worth of at least \$15,000,000 to act as successor to the master servicer under the Agreement. Pending that appointment, the trustee is obligated to act in that capacity. The trustee and any successor may agree upon the servicing compensation to be paid, which in no event may be greater than the compensation payable to the master servicer under the Agreement.

Unless otherwise provided in the related prospectus supplement, no securityholder, solely by virtue of the holder's status as a securityholder, will have any right under any Agreement to institute any proceeding with respect to the Agreement, unless the holder previously has given to the trustee written notice of default and unless the holders of securities of any class of that series evidencing not less than, in the case of certificates, 25% of the Voting Rights evidenced by the certificates and, in the case of notes, 25% of the aggregate percentage interests constituting the class have made written request upon the trustee to institute the proceeding in its own name as trustee thereunder and have offered to the trustee reasonable indemnity, and the trustee for 60 days has neglected or refused to institute that proceeding.

Indenture. The applicable prospectus supplement may provide for other Events of Default, but if it does not, the Events of Default under each Indenture will consist of:

- a default by the issuer in the payment of any principal of or interest on any note of that series which continues unremedied for five days after the giving of written notice of the default is given as specified in the related prospectus supplement;
- failure to perform in any material respect any other obligation or observe any representation or warranty of the issuer in the Indenture which continues for a period of thirty (30) days after notice thereof is given in accordance with the procedures described in the related prospectus supplement;
- certain events of insolvency with respect to the issuer; or
- any other Event of Default provided with respect to notes of that series including but not limited to certain defaults on the part of the issuer, if any, of a credit enhancement instrument supporting the notes.

Unless otherwise provided in the related prospectus supplement, if an Event of Default with respect to the notes of any series at the time outstanding occurs and is continuing, either the trustee or the holders of not less than 51% of the then aggregate outstanding amount of the notes of that series may declare the principal amount (or, if the notes of that series have an interest rate of 0%, the portion of the principal amount as may be specified in the terms of that series, as provided in the related prospectus supplement) of all the notes of that series to be due and payable immediately. That declaration may, under certain circumstances, be rescinded and annulled by the holders of not less than 51% of the percentage interests of the notes of the series.

Unless otherwise provided in the related prospectus supplement, if, following an Event of Default with respect to any series of notes, the notes of the series have been declared to be due and payable, the trustee may, notwithstanding that acceleration, elect to maintain possession of the collateral securing the notes of the series and to continue to apply distributions on the collateral as if there had been no declaration of acceleration if the collateral continues to provide sufficient funds for the payment of principal of and interest on the notes of the series as they would have become due if there had not been a declaration. In addition, unless otherwise specified in the related

prospectus supplement, the trustee may not sell or otherwise liquidate the collateral securing the notes of a series following an Event of Default, other than a default in the payment of any principal or interest on any note of the series for five days or more, unless

- the holders of 100% of the percentage interests of the notes of the series consent to the sale,
- the proceeds of the sale or liquidation are sufficient to pay in full the principal of and accrued interest, due and unpaid, on the outstanding notes of the series at the date of the sale or
- the trustee determines that the collateral would not be sufficient on an ongoing basis to make all payments on the notes as the payments would have become due if the notes had not been declared due and payable, and the trustee obtains the consent of the holders of a majority of the percentage interests of the notes of the series.

If specified in the related prospectus supplement, other parties, such as a credit enhancement provider, may have certain rights with respect to remedies upon an Event of Default that may limit the rights of the related noteholders.

In the event that the trustee liquidates the collateral in connection with an Event of Default involving a default for five days or more in the payment of principal of or interest on the notes of a series, the Indenture may provide that the trustee will have a prior lien on the proceeds of that liquidation for unpaid fees and expenses. As a result, upon the occurrence of that Event of Default, the amount available for distribution to the noteholders would be less than would otherwise be the case. However, the trustee may not institute a proceeding for the enforcement of its lien except in connection with a proceeding for the enforcement of the lien of the Indenture for the benefit of the noteholders after the occurrence of that Event of Default.

In the event the principal of the notes of a series is declared due and payable, as described above, the holders of the notes issued at a discount from par may be entitled to receive no more than an amount equal to the unpaid principal amount thereof less the amount of the discount which is unamortized.

Subject to the provisions of the Indenture relating to the duties of the trustee, in case an Event of Default shall occur and be continuing with respect to a series of notes, the trustee shall be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the holders of notes of the series, unless the holders offered to the trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in complying with the request or direction. Subject to the provisions for indemnification and certain limitations contained in the Indenture, the holders of not less than 51% of the then aggregate outstanding amount of the notes of the series 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 with respect to the notes of the series, and the holders of not less than 51% of the then aggregate outstanding amount of the notes of the series may, in certain cases, waive any default with respect thereto, except a default in the payment of principal or interest or a default in respect of a covenant or provision of the Indenture that cannot be modified without the waiver or consent of all the holders of the outstanding notes of the series affected thereby. If provided in the related prospectus supplement, the priority of payments payable on the notes may change following an Event of Default.

Amendment

The applicable prospectus supplement may specify other amendment provisions, but if it does not, each Agreement may be amended by the parties to the Agreement, without the consent of any of the securityholders,

(a) to cure any ambiguity or mistake;

(b) to correct any defective provision in the Agreement or to supplement any provision in the Agreement that may be inconsistent with any other provision in it;

(c) to conform the Agreement to the related prospectus supplement or the prospectus provided to investors in connection with the initial offering of the securities;

(d) to add to the duties of the depositor, any seller or the master servicer;

(e) to modify, alter, amend, add to or rescind any of the terms or provisions contained in the Agreement to comply with any rules or regulations promulgated by the SEC from time to time;

(f) to add any other provisions with respect to matters or questions arising hereunder; or

(g) to modify, alter, amend, add to or rescind any of the terms or provisions contained in this Agreement,

provided that no action pursuant to clauses (f) or (g) may, as evidenced by an opinion of counsel, adversely affect in any material respect the interests of any securityholder. No opinion of counsel will be required if the person requesting the amendment obtains a letter from each Rating Agency requested to rate the class or classes of securities of the related series stating that the amendment will not result in the downgrading or withdrawal of the respective ratings then assigned to the related securities.

In addition, to the extent provided in the related Agreement, an Agreement may be amended without the consent of any of the securityholders, to change the manner in which the Security Account is maintained, provided that the change does not adversely affect the then current rating on the class or classes of securities of the related series that have been rated at the request of the depositor. Moreover, the related Agreement may be amended to modify, eliminate or add to any of its provisions to the extent necessary to modify the terms or provisions related to any lower-tier REMIC, to maintain the qualification of the related trust fund as a REMIC or to avoid or minimize the risk of imposition of any tax on the REMIC, if a REMIC election is made with respect to the trust fund, or to comply with any other requirements of the Code, if the trustee has received an opinion of counsel to the effect that the action is necessary or helpful to ensure the proper operation of the master REMIC, maintain the qualification, avoid or minimize that risk or comply with those requirements, as applicable.

The applicable prospectus supplement may specify other amendment provisions, but if it does not, each Agreement may also be amended by the parties to the related Agreement with consent of holders of securities of the related series evidencing not less than 51% of the aggregate percentage interests of each class affected thereby for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Agreement or of modifying in any manner the rights of the holders of the related securities; provided, however, that the amendment may not

- reduce in any manner the amount of or delay the timing of, payments received on Trust Fund Assets which are required to be distributed on any security without the consent of the holder of the related security,
- adversely affect in any material respect the interests of the holders of any class of securities in a manner other than as described in the preceding bullet point, without the consent of the holders of securities of the class evidencing, as to the class, percentage interests aggregating 66⅔%, or
- reduce the aforesaid percentage of securities of any class the holders of which are required to consent to the amendment without the consent of the holders of all securities of that class covered by the Agreement then outstanding.

If a REMIC election is made with respect to a trust fund, the trustee will not be entitled to consent to an amendment to the related Agreement without having first received an opinion of counsel to the effect that the amendment will not cause the related trust fund to fail to qualify as a REMIC. If so described in the related prospectus supplement, an amendment of an Agreement may require the consent of persons that are not party to the agreement, such as a credit enhancement provider.

Termination; Optional Termination

Pooling and Servicing Agreement; Sale and Servicing Agreement. The applicable prospectus supplement may provide for the timing by which the Agreement terminates, but if it does not, the obligations created by each Pooling and Servicing Agreement and Sale and Servicing Agreement for each series of securities will terminate upon the payment to the related securityholders of all amounts held in the Security Account or by the master servicer and required to be paid to them pursuant to the related Agreement following the earlier of:

(i) the final payment of or other liquidation of the last of the Trust Fund Assets subject thereto or the disposition of all property acquired upon foreclosure of any Trust Fund Assets remaining in the trust fund; and

(ii) the purchase by the master servicer, the party specified in the related prospectus supplement or, if REMIC treatment has been elected and if specified in the related prospectus supplement, by the holder of the residual interest in the REMIC (see “Material Federal Income Tax Consequences” below), from the related trust fund of all of the remaining Trust Fund Assets and all property acquired in respect of the Trust Fund Assets.

Any purchase of Trust Fund Assets and property acquired in respect of Trust Fund Assets evidenced by a series of securities will be made at the option of the master servicer, or the party specified in the related prospectus supplement, including the holder of the REMIC residual interest, at a price specified in the related prospectus supplement. The exercise of this right will effect early retirement of the securities of that series, but the right of the master servicer, or the other party or, if applicable, the holder of the REMIC residual interest, to so purchase is subject to the principal balance of the related Trust Fund Assets being less than the percentage specified in the related prospectus supplement of the aggregate principal balance of the Trust Fund Assets at the cut-off date for the series. The foregoing is subject to the provision that if a REMIC election is made with respect to a trust fund, any repurchase pursuant to clause (ii) above will not be made if the repurchase would result in a “prohibited transaction tax” within the meaning of Section 860F(a)(1) of the Code being imposed on any REMIC.

Indenture. The Indenture will be discharged with respect to a series of notes (except with respect to certain continuing rights specified in the Indenture) upon the delivery to the trustee for cancellation of all the notes of the related series or, with certain limitations, upon deposit with the trustee of funds sufficient for the payment in full of all of the notes of the related series.

In addition, the Indenture will provide that, if so specified with respect to the notes of any series, the related trust fund will be discharged from any and all obligations in respect of the notes of the series (except for certain obligations relating to temporary notes and exchange of notes, to register the transfer of or exchange notes of the series, to replace stolen, lost or mutilated notes of the series, to maintain paying agencies and to hold monies for payment in trust) upon the deposit with the trustee, in trust, of money and/or direct obligations of or obligations guaranteed by the United States of America which through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of and each installment of interest on the notes of the series on the last scheduled distribution date for the notes and any installment of interest on the notes in accordance with the terms of the Indenture and the notes of the series. In the event of a defeasance and discharge of notes of a series as described above, holders of notes of the related series would be able to look only to that money and/or direct obligations for payment of principal and interest, if any, on their notes until maturity.

The Trustee

The trustee under each Agreement will be named in the applicable prospectus supplement. The commercial bank or trust company serving as trustee may have normal banking relationships with the depositor, the master servicer and any of their respective affiliates.

Certain Legal Aspects of the Loans

The following discussion contains summaries, which are general in nature, of certain legal matters relating to the loans. Because those legal aspects are governed primarily by applicable state law (which laws may differ substantially), the descriptions do not, except as expressly provided below, reflect the laws of any particular state, nor encompass the laws of all states in which the security for the loans is situated. The descriptions are qualified in their entirety by reference to the applicable federal laws and the appropriate laws of the states in which loans may be originated.

General

The loans for a series may be secured by deeds of trust, mortgages, security deeds or deeds to secure debt, depending upon the prevailing practice in the state in which the property subject to the loan is located. Deeds of trust are used almost exclusively in California instead of mortgages. A mortgage creates a lien upon the real property encumbered by the mortgage, which lien is generally not prior to the lien for real estate taxes and assessments. Priority between mortgages depends on their terms and generally on the order of recording with a state or county office. There are two parties to a mortgage: the mortgagor, who is the borrower and owner of the mortgaged property, and the mortgagee, who is the lender. Under the mortgage instrument, the mortgagor delivers to the mortgagee a note or bond and the mortgage. Although a deed of trust is similar to a mortgage, a deed of trust formally has three parties, the borrower-property owner called the trustor (similar to a mortgagor), a lender (similar to a mortgagee) called the beneficiary, and a third-party grantee called the trustee. Under a deed of trust, the borrower grants the property, irrevocably until the debt is paid, in trust, generally with a power of sale, to the trustee to secure payment of the obligation. A security deed and a deed to secure debt are special types of deeds which indicate on their face that they are granted to secure an underlying debt. By executing a security deed or deed to secure debt, the grantor conveys title to, as opposed to merely creating a lien upon, the subject property to the grantee until the underlying debt is repaid. The trustee's authority under a deed of trust, the mortgagee's authority under a mortgage and the grantee's authority under a security deed or deed to secure debt are governed by law and, with respect to some deeds of trust, the directions of the beneficiary.

In this prospectus, we generally use the term "mortgage" to generically describe real-estate security instruments, however, if certain information relates to a particular security instrument, we will refer to that security instrument.

Cooperatives. Certain of the loans may be cooperative loans. The cooperative owns all the real property that comprises the project, including the land, separate dwelling units and all common areas. The cooperative is directly responsible for project management and, in most cases, payment of real estate taxes and hazard and liability insurance. If there is a blanket mortgage on the cooperative and/or underlying land, as is generally the case, the cooperative, as project mortgagor, is also responsible for meeting these mortgage obligations. A blanket mortgage is ordinarily incurred by the cooperative in connection with the construction or purchase of the cooperative's apartment building. The interest of the occupant under proprietary leases or occupancy agreements to which that cooperative is a party are generally subordinate to the interest of the holder of the blanket mortgage in that building. If the cooperative is unable to meet the payment obligations arising under its blanket mortgage, the mortgagee holding the blanket mortgage could foreclose on that mortgage and terminate all subordinate proprietary leases and occupancy agreements. In addition, the blanket mortgage on a cooperative may provide financing in the form of a mortgage that does not fully amortize with a significant portion of principal being due in one lump sum at final maturity. The inability of the cooperative to refinance this mortgage and its consequent inability to make the final payment could lead to foreclosure by the mortgagee providing the financing. A foreclosure in either event by the holder of the blanket mortgage could eliminate or significantly diminish the value of any collateral held by the lender who financed the purchase by an individual tenant-stockholder of cooperative shares or, in the case of a trust fund including cooperative loans, the collateral securing the cooperative loans.

The cooperative is owned by tenant-stockholders who, through ownership of stock, shares or membership certificates in the corporation, receive proprietary leases or occupancy agreements which confer exclusive rights to occupy specific units. Generally, a tenant-stockholder of a cooperative must make a monthly payment to the cooperative representing the tenant-stockholder's pro rata share of the cooperative's payments for its blanket mortgage, real property taxes, maintenance expenses and other capital or ordinary expenses. An ownership interest

in a cooperative and accompanying rights is financed through a cooperative share loan evidenced by a promissory note and secured by a security interest in the occupancy agreement or proprietary lease and in the related cooperative shares. The lender takes possession of the share certificate and a counterpart of the proprietary lease or occupancy agreement, and a financing statement covering the proprietary lease or occupancy agreement and the cooperative shares is filed in the appropriate state and local offices to perfect the lender's interest in its collateral. Subject to the limitations discussed below, upon default of the tenant-stockholder, the lender may sue for judgment on the promissory note, dispose of the collateral at a public or private sale or otherwise proceed against the collateral or tenant-stockholder as an individual as provided in the security agreement covering the assignment of the proprietary lease or occupancy agreement and the pledge of cooperative shares.

Foreclosure

Deed of Trust. Foreclosure of a deed of trust is generally accomplished by a non-judicial sale under a specific provision in the deed of trust which authorizes the trustee to sell the property at public auction upon any material default by the borrower under the terms of the note or deed of trust. In certain states, foreclosure also may be accomplished by judicial action in the manner provided for foreclosure of mortgages. In addition to any notice requirements contained in a deed of trust, in some states (such as California), the trustee must record a notice of default and send a copy to the borrower-trustor, to any person who has recorded a request for a copy of any notice of default and notice of sale, to any successor in interest to the borrower-trustor, to the beneficiary of any junior deed of trust and to certain other persons. In some states (including California), the borrower-trustor has the right to reinstate the loan at any time following default until shortly before the trustee's sale. In general, the borrower, or any other person having a junior encumbrance on the real estate, may, during a statutorily prescribed reinstatement period, cure a monetary default by paying the entire amount in arrears plus other designated costs and expenses incurred in enforcing the obligation. Generally, state law controls the amount of foreclosure expenses and costs, including attorney's fees, which may be recovered by a lender. After the reinstatement period has expired without the default having been cured, the borrower or junior lienholder no longer has the right to reinstate the loan and must pay the loan in full to prevent the scheduled foreclosure sale. If the deed of trust is not reinstated within any applicable cure period, a notice of sale must be posted in a public place and, in most states (including California), published for a specific period of time in one or more newspapers. In addition, some state laws require that a copy of the notice of sale be posted on the property and sent to all parties having an interest of record in the real property. In California, the entire process from recording a notice of default to a non-judicial sale usually takes four to five months.

Mortgages. Foreclosure of a mortgage is generally accomplished by judicial action. The action is initiated by the service of legal pleadings upon all parties having an interest in the real property. Delays in completion of the foreclosure may occasionally result from difficulties in locating necessary parties. Judicial foreclosure proceedings are often not contested by any of the parties. When the mortgagee's right to foreclosure is contested, the legal proceedings necessary to resolve the issue can be time consuming. After the completion of a judicial foreclosure proceeding, the court generally issues a judgment of foreclosure and appoints a referee or other court officer to conduct the sale of the property. In some states, mortgages may also be foreclosed by advertisement, pursuant to a power of sale provided in the mortgage.

Although foreclosure sales are typically public sales, frequently no third party purchaser bids in excess of the lender's lien because of the difficulty of determining the exact status of title to the property, the possible deterioration of the property during the foreclosure proceedings and a requirement that the purchaser pay for the property in cash or by cashier's check. Thus the foreclosing lender often purchases the property from the trustee or referee for an amount equal to the principal amount outstanding under the loan, accrued and unpaid interest and the expenses of foreclosure in which event the mortgagor's debt will be extinguished or the lender may purchase for a lesser amount in order to preserve its right against a borrower to seek a deficiency judgment in states where the judgment is available. Thereafter, subject to the right of the borrower in some states to remain in possession during the redemption period, the lender will assume the burden of ownership, including obtaining hazard insurance and making the repairs at its own expense as are necessary to render the property suitable for sale. The lender will commonly obtain the services of a real estate broker and pay the broker's commission in connection with the sale of the property. Depending upon market conditions, the ultimate proceeds of the sale of the property may not equal the lender's investment in the property. Any loss may be reduced by the receipt of any mortgage guaranty insurance proceeds.

Courts have imposed general equitable principles upon foreclosure, which are generally designed to mitigate the legal consequences to the borrower of the borrower's defaults under the loan documents. Some courts have been faced with the issue of whether federal or state constitutional provisions reflecting due process concerns for fair notice require that borrowers under deeds of trust receive notice longer than that prescribed by statute. For the most part, these cases have upheld the notice provisions as being reasonable or have found that the sale by a trustee under a deed of trust does not involve sufficient state action to afford constitutional protection to the borrower.

When the beneficiary under a junior mortgage or deed of trust cures the default and reinstates or redeems by paying the full amount of the senior mortgage or deed of trust, the amount paid by the beneficiary so to cure or redeem becomes a part of the indebtedness secured by the junior mortgage or deed of trust. See "Junior Mortgages; Rights of Senior Mortgagees" below.

Cooperative Loans. The cooperative shares owned by the tenant-stockholder and pledged to the lender are, in almost all cases, subject to restrictions on transfer as set forth in the cooperative's certificate of incorporation and bylaws, as well as the proprietary lease or occupancy agreement, and may be cancelled by the cooperative for failure by the tenant-stockholder to pay rent or other obligations or charges owed by the tenant-stockholder, including mechanics' liens against the cooperative apartment building incurred by the tenant-stockholder. The proprietary lease or occupancy agreement generally permits the cooperative to terminate the lease or agreement in the event an obligor fails to make payments or defaults in the performance of covenants required thereunder. Typically, the lender and the cooperative enter into a recognition agreement which establishes the rights and obligations of both parties in the event of a default by the tenant-stockholder on its obligations under the proprietary lease or occupancy agreement. A default by the tenant-stockholder under the proprietary lease or occupancy agreement will usually constitute a default under the security agreement between the lender and the tenant-stockholder.

The recognition agreement generally provides that, in the event that the tenant-stockholder has defaulted under the proprietary lease or occupancy agreement, the cooperative will take no action to terminate the lease or agreement until the lender has been provided with an opportunity to cure the default. The recognition agreement typically provides that if the proprietary lease or occupancy agreement is terminated, the cooperative will recognize the lender's lien against proceeds from the sale of the cooperative apartment, subject, however, to the cooperative's right to sums due under the proprietary lease or occupancy agreement. The total amount owed to the cooperative by the tenant-stockholder, which the lender generally cannot restrict and does not monitor, could reduce the value of the collateral below the outstanding principal balance of the cooperative loan and accrued and unpaid interest thereon.

Recognition agreements also provide that in the event of a foreclosure on a cooperative loan, the lender must obtain the approval or consent of the cooperative as required by the proprietary lease before transferring the cooperative shares or assigning the proprietary lease. Generally, the lender is not limited in any rights it may have to dispossess the tenant-stockholders.

In some states, foreclosure on the cooperative shares is accomplished by a sale in accordance with the provisions of Article 9 of the Uniform Commercial Code (the "UCC") and the security agreement relating to those shares. Article 9 of the UCC requires that a sale be conducted in a "commercially reasonable" manner. Whether a foreclosure sale has been conducted in a "commercially reasonable" manner will depend on the facts in each case. In determining commercial reasonableness, a court will look to the notice given the debtor and the method, manner, time, place and terms of the foreclosure. Generally, a sale conducted according to the usual practice of banks selling similar collateral will be considered reasonably conducted.

Article 9 of the UCC provides that the proceeds of the sale will be applied first to pay the costs and expenses of the sale and then to satisfy the indebtedness secured by the lender's security interest. The recognition agreement, however, generally provides that the lender's right to reimbursement is subject to the right of the cooperative to receive sums due under the proprietary lease or occupancy agreement. If there are proceeds remaining, the lender must account to the tenant-stockholder for the surplus. Conversely, if a portion of the indebtedness remains unpaid, the tenant-stockholder is generally responsible for the deficiency. See "Anti-Deficiency Legislation and Other Limitations on Lenders" below.

In the case of foreclosure on a building which was converted from a rental building to a building owned by a cooperative under a non-eviction plan, some states require that a purchaser at a foreclosure sale take the property subject to rent control and rent stabilization laws which apply to certain tenants who elected to remain in the building but who did not purchase shares in the cooperative when the building was so converted.

Environmental Risks

Real property pledged as security to a lender may be subject to unforeseen environmental risks. Environmental remedial costs can be substantial and can potentially exceed the value of the property. Under the laws of certain states, contamination of a property may give rise to a lien on the property to assure the payment of the costs of clean-up. In several states that lien has priority over the lien of an existing mortgage against the property. In addition, under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), the EPA may impose a lien on property where EPA has incurred clean-up costs. However, a CERCLA lien is subordinate to pre-existing, perfected security interests.

Under the laws of some states, and under CERCLA, it is conceivable that a secured lender may be held liable as an "owner" or "operator" for the costs of addressing releases or threatened releases of hazardous substances at a Property, even though the environmental damage or threat was caused by a prior or current owner or operator. CERCLA imposes liability for the costs on any and all "potentially responsible parties," including "owners" or "operators". However, CERCLA excludes from the definition of "owner or operator" a secured creditor who holds indicia of ownership primarily to protect its security interest (the "secured creditor exemption") but without "participating in the management" of the property. Thus, if a lender's activities encroach on the actual management of a contaminated facility or property, the lender may incur liability as an "owner or operator" under CERCLA. Similarly, if a lender forecloses and takes title to a contaminated facility or property, the lender may incur CERCLA liability in various circumstances, including, but not limited to, when it fails to market the property in a timely fashion.

Whether actions taken by a lender would constitute participation in the management of a mortgaged property so as to render the secured creditor exemption unavailable to a lender, was historically a matter of judicial interpretation of the statutory language. Court decisions were inconsistent and, in fact, in 1990, the Court of Appeals for the Eleventh Circuit suggested that the mere capacity of the lender to influence a borrower's decisions regarding disposal of hazardous substances was sufficient participation in the management of a borrower's business to deny the protection of the secured creditor exemption to the lender. In 1996, Congress enacted the Asset Conservation, Lender Liability and Deposit Insurance Protection Act ("Asset Conservation Act"), which provides that, in order to be deemed to have participated in the management of a mortgaged property, a lender must actually participate in the operational affairs of the property. The Asset Conservation Act also provides that participation in the management of the property does not include "merely having the capacity to influence, or unexercised right to control" operations. Rather, a lender will lose the protection of the secured creditor exemption only if it (a) exercises decision making control over the borrower's environmental compliance and hazardous substance handling and disposal practices at the property, or (b) exercises control comparable to the manager of the property, so that the lender has assumed responsibility for (i) "the overall management of the facility encompassing day-to-day decision making with respect to environmental compliance" or (ii) "over all or substantially all of the operational functions" of the property other than environmental compliance.

If a lender is or becomes liable, it may be able to bring an action for contribution under CERCLA or other statutory or common laws against any other "potentially responsible parties," including a previous owner or operator, who created the environmental hazard, but those persons or entities may be bankrupt or otherwise judgment proof. The costs associated with environmental cleanup may be substantial. It is conceivable that the costs arising from the circumstances set forth above would result in a loss to certificateholders.

CERCLA does not apply to petroleum products, and the secured creditor exemption does not govern liability for cleanup costs under state laws or under federal laws other than CERCLA, including Subtitle I of the federal Resource Conservation and Recovery Act ("RCRA"), which regulates underground petroleum storage tanks (except heating oil tanks). The EPA has adopted a lender liability rule for underground storage tanks under Subtitle I of RCRA. Under that rule, a holder of a security interest in an underground storage tank or real property containing an underground storage tank is not considered an operator of the underground storage tank as long as

petroleum is not added to, stored in or dispensed from the tank. Moreover, under the Asset Conservation Act, the protections accorded to lenders under CERCLA are also accorded to holders of security interests in underground petroleum storage tanks or the properties on which they are located. A lender will lose the protections accorded to secured creditors under federal law for petroleum underground storage tanks by "participating in the management" of the tank or tank system if the lender either: (a) "exercises decision making control over the operational" aspects of the tank or tank system; or (b) exercises control comparable to a manager of the property, so that the lender has assumed responsibility for overall management of the property including day-to-day decision making with regard to all, or substantially all, operational aspects. It should be noted, however, that liability for cleanup of petroleum contamination may be governed by state law, which may not provide for any specific protection for secured creditors.

While the "owner" or "operator" of contaminated property may face liability for investigating and cleaning up the property, regardless of fault, it may also be required to comply with environmental regulatory requirements, such as those governing asbestos. In addition, the presence of asbestos, mold, lead-based paint, lead in drinking water, and/or radon at a real property may lead to the incurrence of costs for remediation, mitigation or the implementation of an operations and maintenance plan. Furthermore, the presence of asbestos, mold, lead-based paint, lead in drinking water, radon and/or contamination at a property may present a risk that third parties will seek recovery from "owners" or "operators" of that property for personal injury or property damage. Environmental regulatory requirements for property "owners" or "operators," or law that is the basis for claims of personal injury or property damage, may not have exemptions for secured creditors.

In general, at the time the loans were originated no environmental assessment, or a very limited environmental assessment, of the Properties was conducted.

Rights of Redemption

In some states, after sale pursuant to a deed of trust or foreclosure of a mortgage, the borrower and foreclosed junior lienors are given a statutory period in which to redeem the property from the foreclosure sale. In certain other states (including California), this right of redemption applies only to sales following judicial foreclosure, and not to sales pursuant to a non-judicial power of sale. In most states where the right of redemption is available, statutory redemption may occur upon payment of the foreclosure purchase price, accrued interest and taxes. In other states, redemption may be authorized if the former borrower pays only a portion of the sums due. The effect of a statutory right of redemption is to diminish the ability of the lender to sell the foreclosed property. The exercise of a right of redemption would defeat the title of any purchaser from the lender subsequent to foreclosure or sale under a deed of trust. Consequently, the practical effect of the redemption right is to force the lender to retain the property and pay the expenses of ownership until the redemption period has run. In some states, there is no right to redeem property after a trustee's sale under a deed of trust.

Anti-Deficiency Legislation and Other Limitations On Lenders

Certain states have imposed statutory and judicial restrictions that limit the remedies of a beneficiary under a deed of trust or a mortgagee under a mortgage. In some states, including California, statutes and case law limit the right of the beneficiary or mortgagee to obtain a deficiency judgment against borrowers financing the purchase of their residence or following sale under a deed of trust or certain other foreclosure proceedings. A deficiency judgment is a personal judgment against the borrower equal in most cases to the difference between the amount due to the lender and the fair market value of the real property at the time of the foreclosure sale. In certain states, including California, if a lender simultaneously originates a loan secured by a senior lien on a particular property and a loan secured by a junior lien on the same property, that lender as the holder of the junior lien may be precluded from obtaining a deficiency judgment with respect to the excess of the aggregate amount owed under both loans over the proceeds of any sale under a deed of trust or other foreclosure proceedings. As a result of these prohibitions, it is anticipated that in most instances the master servicer will utilize the non-judicial foreclosure remedy and will not seek deficiency judgments against defaulting borrowers.

Some state statutes require the beneficiary or mortgagee to exhaust the security afforded under a deed of trust or mortgage by foreclosure in an attempt to satisfy the full debt before bringing a personal action against the borrower. In certain other states, the lender has the option of bringing a personal action against the borrower on the

debt without first exhausting that security; however, in some of these states, the lender, following judgment on that personal action, may be deemed to have elected a remedy and may be precluded from exercising remedies with respect to the security. Consequently, the practical effect of the election requirement, when applicable, is that lenders will usually proceed first against the security rather than bringing a personal action against the borrower. In some states, exceptions to the anti-deficiency statutes are provided for in certain instances where the value of the lender's security has been impaired by acts or omissions of the borrower, for example, in the event of waste of the property. Finally, other statutory provisions limit any deficiency judgment against the former borrower following a foreclosure sale to the excess of the outstanding debt over the fair market value of the property at the time of the public sale. The purpose of these statutes is generally to prevent a beneficiary or a mortgagee from obtaining a large deficiency judgment against the former borrower as a result of low or no bids at the foreclosure sale.

Generally, Article 9 of the UCC governs foreclosure on cooperative shares and the related proprietary lease or occupancy agreement. Some courts have interpreted section 9-504 of the UCC to prohibit a deficiency award unless the creditor establishes that the sale of the collateral (which, in the case of a cooperative loan, would be the shares of the cooperative and the related proprietary lease or occupancy agreement) was conducted in a commercially reasonable manner.

In addition to anti-deficiency and related legislation, numerous other federal and state statutory provisions, including the federal bankruptcy laws, and state laws affording relief to debtors, may interfere with or affect the ability of the secured mortgage lender to realize upon its security. For example, in a proceeding under the federal Bankruptcy Code, a lender may not foreclose on a mortgaged property without the permission of the bankruptcy court. The rehabilitation plan proposed by the debtor may provide, if the mortgaged property is not the debtor's principal residence and the court determines that the value of the mortgaged property is less than the principal balance of the mortgage loan, for the reduction of the secured indebtedness to the value of the mortgaged property as of the date of the commencement of the bankruptcy, rendering the lender a general unsecured creditor for the difference, and also may reduce the monthly payments due under the mortgage loan, change the rate of interest and alter the mortgage loan repayment schedule. The effect of any proceedings under the federal Bankruptcy Code, including but not limited to any automatic stay, could result in delays in receiving payments on the loans underlying a series of securities and possible reductions in the aggregate amount of the payments.

The federal tax laws provide priority to certain tax liens over the lien of a mortgage or secured party.

Due-On-Sale Clauses

Generally, each conventional loan will contain a due-on-sale clause which will generally provide that if the mortgagor or obligor sells, transfers or conveys the Property, the loan or contract may be accelerated by the mortgagee or secured party. Court decisions and legislative actions have placed substantial restriction on the right of lenders to enforce the clauses in many states. For instance, the California Supreme Court in August 1978 held that due-on-sale clauses were generally unenforceable. However, the Garn-St Germain Depository Institutions Act of 1982 (the "Garn-St Germain Act"), subject to certain exceptions, preempts state constitutional, statutory and case law prohibiting the enforcement of due-on-sale clauses. As a result, due-on-sale clauses have become generally enforceable except in those states whose legislatures exercised their authority to regulate the enforceability of the clauses with respect to mortgage loans that were (i) originated or assumed during the "window period" under the Garn-St Germain Act which ended in all cases not later than October 15, 1982, and (ii) originated by lenders other than national banks, federal savings institutions and federal credit unions. FIILMC has taken the position in its published mortgage servicing standards that, out of a total of eleven "window period states," five states (Arizona, Michigan, Minnesota, New Mexico and Utah) have enacted statutes extending, on various terms and for varying periods, the prohibition on enforcement of due-on-sale clauses with respect to certain categories of window period loans. Also, the Garn-St Germain Act does "encourage" lenders to permit assumption of loans at the original rate of interest or at some other rate less than the average of the original rate and the market rate.

As to loans secured by an owner-occupied residence, the Garn-St Germain Act sets forth nine specific instances in which a mortgagee covered by the Act may not exercise its rights under a due-on-sale clause, notwithstanding the fact that a transfer of the property may have occurred. The inability to enforce a due-on-sale clause may result in transfer of the related Property to an uncreditworthy person, which could increase the likelihood

of default or may result in a mortgage bearing an interest rate below the current market rate being assumed by a new home buyer, which may affect the average life of the loans and the number of loans which may extend to maturity.

In addition, under federal bankruptcy law, due-on-sale clauses may not be enforceable in bankruptcy proceedings and may, under certain circumstances, be eliminated in any modified mortgage resulting from the bankruptcy proceeding.

Enforceability of Prepayment and Late Payment Fees

Forms of notes, mortgages and deeds of trust used by lenders may contain provisions obligating the borrower to pay a late charge if payments are not timely made, and in some circumstances may provide for prepayment fees or charges if the obligation is paid prior to maturity. In certain states, there are or may be specific limitations upon the late charges which a lender may collect from a borrower for delinquent payments. Certain states also limit the amounts that a lender may collect from a borrower as an additional charge if the loan is prepaid. Under certain state laws, prepayment charges may not be imposed after a certain period of time following the origination of mortgage loans with respect to prepayments on loans secured by liens encumbering owner-occupied residential properties. Since many of the Properties will be owner-occupied, it is anticipated that prepayment charges may not be imposed with respect to many of the loans. The absence of that restraint on prepayment, particularly with respect to fixed rate loans having higher Loan Rates, may increase the likelihood of refinancing or other early retirement of the loans or contracts. Late charges and prepayment fees are typically retained by servicers as additional servicing compensation.

Applicability of Usury Laws

Title V of the Depository Institutions Deregulation and Monetary Control Act of 1980, enacted in March 1980 ("Title V") provides that state usury limitations shall not apply to certain types of residential first mortgage loans originated by certain lenders after March 31, 1980. The Office of Thrift Supervision, as successor to the Federal Home Loan Bank Board, is authorized to issue rules and regulations and to publish interpretations governing implementation of Title V. The statute authorized the states to reimpose interest rate limits by adopting, before April 1, 1983, a law or constitutional provision which expressly rejects an application of the federal law. Fifteen states adopted a law prior to the April 1, 1983 deadline. In addition, even where Title V is not so rejected, any state is authorized by the law to adopt a provision limiting discount points or other charges on mortgage loans covered by Title V. Certain states have taken action to reimpose interest rate limits and/or to limit discount points or other charges.

Servicemembers Civil Relief Act

Generally, under the terms of the Servicemembers Civil Relief Act (the "Relief Act"), a borrower who enters military service after the origination of the borrower's loan (including a borrower who is a member of the National Guard or is in reserve status at the time of the origination of the loan and is later called to active duty) may not be charged interest above an annual rate of 6% during the period of the borrower's active duty status, unless a court orders otherwise upon application of the lender. It is possible that the interest rate limitation could have an effect, for an indeterminate period of time, on the ability of the master servicer to collect full amounts of interest on certain of the loans. Unless otherwise provided in the related prospectus supplement, any shortfall in interest collections resulting from the application of the Relief Act could result in losses to securityholders. The Relief Act also imposes limitations which would impair the ability of the master servicer to foreclose on an affected loan during the borrower's period of active duty status. Moreover, the Relief Act permits the extension of a loan's maturity and the re-adjustment of its payment schedule beyond the completion of military service. Thus, in the event that the loan goes into default, there may be delays and losses occasioned by the inability to realize upon the Property in a timely fashion.

Other Loan Provisions and Lender Requirements

The standard form of the mortgage used by most institutional lenders confers on the mortgagee the right both to receive all proceeds collected under any hazard insurance policy and all awards made in connection with

condemnation proceedings, and to apply those proceeds and awards to any indebtedness secured by the mortgage, in the order as the mortgagee may determine. Thus, in the event improvements on the property are damaged or destroyed by fire or other casualty, or in the event the property is taken by condemnation, the mortgagee or beneficiary under senior mortgages will have the prior right to collect any insurance proceeds payable under a hazard insurance policy and any award of damages in connection with the condemnation and to apply the same to the indebtedness secured by the senior mortgages. Proceeds in excess of the amount of senior mortgage indebtedness, in most cases, may be applied to the indebtedness of a junior mortgage. Lenders in California may not require a borrower to provide property insurance for more than the replacement cost of the improvements, even if the loan balance exceeds this amount. In the event of a casualty, lenders may be required to make the insurance proceeds available to the borrower for repair and restoration, rather than applying the proceeds to outstanding indebtedness.

Another provision sometimes found in the form of the mortgage or deed of trust used by institutional lenders obligates the mortgagor to pay before delinquency all taxes and assessments on the property and, when due, all encumbrances, charges and liens on the property which appear prior to the mortgage or deed of trust, to provide and maintain fire insurance on the property, to maintain and repair the property and not to commit or permit any waste thereof, and to appear in and defend any action or proceeding purporting to affect the property or the rights of the mortgagee under the mortgage. Upon a failure of the mortgagor to perform any of these obligations, the mortgagee is given the right under certain mortgages to perform the obligation itself, at its election, with the mortgagor agreeing to reimburse the mortgagee for any sums expended by the mortgagee on behalf of the mortgagor. All sums so expended by the mortgagee become part of the indebtedness secured by the mortgage. In some cases lenders require borrowers to make monthly deposits for estimated real estate taxes and property insurance premiums. Certain states, including California, impose limitations on both the amount of tax and insurance impounds that may be collected from a borrower, and upon the application of the impounded funds.

Generally lenders begin charging interest from the date the loan is disbursed. In California, regulations may prohibit mortgage lenders financing residential purchases from charging interest on loan amounts outstanding for periods more than one day prior to the recording of the deed to the residence, even though the loan proceeds have been disbursed into escrow.

Consumer Protection Laws

Federal, state and local laws extensively regulate various aspects of brokering, originating, servicing and collecting loans secured by consumers' dwellings. Among other things, these laws may regulate interest rates and other charges, require disclosures, impose financial privacy requirements, mandate specific business practices, and prohibit unfair and deceptive trade practices. In addition, licensing requirements may be imposed on persons that broker, originate, service or collect the loans.

Additional requirements may be imposed under federal, state or local laws on so-called "high cost mortgage loans," which typically are defined as loans secured by a consumer's dwelling that have interest rates or origination costs in excess of prescribed levels. These laws may limit certain loan terms, such as prepayment charges, or the ability of a creditor to refinance a loan unless it is in the borrower's interest. In addition, certain of these laws may allow claims against loan brokers or originators, including claims based on fraud or misrepresentations, to be asserted against persons acquiring the loans, such as the trust fund.

The federal laws that may apply to loans held in the trust fund include the following:

- the Truth in Lending Act and its regulations, which (among other things) require disclosures to borrowers regarding the terms of loans and provide consumers who pledged their principal dwelling as collateral in a non-purchase money transaction with a right of rescission that generally extends for three days after proper disclosures are given;
- the Home Ownership and Equity Protection Act and its regulations, which (among other things) imposes additional disclosure requirements and limitations on loan terms with respect to non-purchase money,

installment loans secured by the consumer's principal dwelling that have interest rates or origination costs in excess of prescribed levels;

- the Real Estate Settlement Procedures Act and its regulations, which (among other things) prohibit the payment of referral fees for real estate settlement services (including mortgage lending and brokerage services) and regulate escrow accounts for taxes and insurance and billing inquiries made by borrowers;
- the Equal Credit Opportunity Act and its regulations, which (among other things) generally prohibits discrimination in any aspect of a credit transaction on certain enumerated basis, such as age, race, color, sex, religion, marital status, national origin or receipt of public assistance;
- the Fair Credit Reporting Act, which (among other things) regulates the use of consumer reports obtained from consumer reporting agencies and the reporting of payment histories to consumer reporting agencies; and
- the Federal Trade Commission's Rule on Preservation of Consumer Claims and Defenses, which generally provides that the rights of an assignee of a conditional sales contract (or of certain lenders making purchase money loans) to enforce a consumer credit obligation are subject to the claims and defenses that the consumer could assert against the seller of goods or services financed in the credit transaction.

The penalties for violating these federal, state, or local laws vary depending on the applicable law and the particular facts of the situation. However, private plaintiffs typically may assert claims for actual damages and, in some cases, also may recover civil money penalties or exercise a right to rescind the loan. Violations of certain laws may limit the ability to collect all or part of the principal or interest on a loan and, in some cases, borrowers even may be entitled to a refund of amounts previously paid. Federal, state and local administrative or law enforcement agencies also may be entitled to bring legal actions, including actions for civil money penalties or restitution, for violations of certain of these laws.

Depending on the particular alleged misconduct, it is possible that claims may be asserted against various participants in secondary market transactions, including assignees that hold the loans, such as the trust fund. Losses on loans from the application of these federal, state and local laws that are not otherwise covered by a credit enhancement will be borne by the holders of one or more classes of securities.

Material Federal Income Tax Consequences

General

The following is a discussion of the anticipated material federal income tax consequences of the purchase, ownership, and disposition of the securities and is based on advice of the special counsel to the depositor ("Tax Counsel") named in the prospectus supplement. The discussion is based upon the provisions and interpretations of the Internal Revenue Code of 1986, as amended (the "Code"), the regulations promulgated thereunder, including, where applicable, proposed regulations, and the judicial and administrative rulings and decisions now in effect, all of which are subject to change, which change can apply retroactively.

The discussion does not address all the aspects of federal income taxation that may affect either particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the Code. It focuses primarily on investors who will hold securities as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Code, but much of the discussion is applicable to other investors as well. Prospective Investors are encouraged to consult their tax advisers concerning the federal, state, local and any other tax consequences to them of the purchase, ownership and disposition of the securities.

The federal income tax consequences of holding any particular securities will depend on whether

- the securities are classified as indebtedness;

- an election is made to treat the trust fund relating to the securities as a real estate mortgage investment conduit (“REMIC”) under the Code;
- the securities are treated as representing direct ownership of some or all of the assets held by the trust fund relating to those securities (“Pass-Through Securities”); or
- an election is made to treat the trust fund relating to the securities as a partnership.

The prospectus supplement for each series of securities will specify how the securities will be treated for federal income tax purposes and will discuss whether any REMIC elections will be made with respect to the series. The depositor will file with the SEC a Form 8-K on behalf of the related trust fund containing an opinion of Tax Counsel with respect to the validity of the information set forth under “Material Federal Income Tax Consequences” herein and in the related prospectus supplement.

Taxation of Debt Securities

Interest and Acquisition Discount. The income on securities representing regular interests in a REMIC (“Regular Interest Securities” and “Regular Interests”) is generally taxable to holders in the same manner as the income on securities classified as indebtedness. Stated interest on Regular Interest Securities will be taxable as ordinary income and taken into account using the accrual method of accounting, regardless of the holder’s normal accounting method. Interest (other than original issue discount) on securities (other than Regular Interest Securities) that are classified as indebtedness will be includible in income by holders in accordance with their usual methods of accounting. Securities classified as indebtedness and Regular Interest Securities are referred to hereinafter collectively as “Debt Securities.”

Certain Debt Securities will, and other Debt Securities may, be issued with “original issue discount” (“OID”). The following discussion is based in part on the rules governing OID, which are set forth in Sections 1271 through 1275 of the Code and the Treasury regulations issued thereunder (the “OID Regulations”). A holder should be aware, however, that the OID Regulations do not adequately address certain issues relevant to prepayable securities, such as the Debt Securities.

In general, OID, if any, will equal the difference between the stated redemption price at maturity of a Debt Security and its issue price. A holder of a Debt Security must include OID in gross income as ordinary interest income as it accrues under a method taking into account an economic accrual of the discount. In general, OID must be included in income in advance of the receipt of the cash representing that income. The amount of OID on a Debt Security will be considered to be zero, however if it is less than a de minimis amount as determined under the Code.

The issue price of a Debt Security is the first price at which a substantial amount of Debt Securities of that class are sold to the public (excluding bond houses, brokers, underwriters or wholesalers). If less than a substantial amount of a particular class of Debt Securities is sold for cash on or prior to the related closing date, the issue price for the class will be the fair market value of the class on the closing date. The issue price of a Debt Security also includes the amount paid by an initial Debt Security holder for accrued interest that relates to a period prior to the issue date of the Debt Security. The stated redemption price at maturity of a Debt Security includes the original principal amount of the Debt Security, but generally will not include distributions of interest if the distributions constitute “qualified stated interest.”

Under the OID Regulations, qualified stated interest generally means interest payable at a single fixed rate or qualified variable rate (as described below) provided that the interest payments are unconditionally payable at intervals of one year or less during the entire term of the Debt Security. The OID Regulations state that interest payments are unconditionally payable only if a late payment or nonpayment is expected to be penalized or reasonable remedies exist to compel payment. Certain Debt Securities may provide for default remedies in the event of late payment or nonpayment of interest. The interest on those Debt Securities will be unconditionally payable and constitute qualified stated interest, not OID. Absent clarification of the OID Regulations, however, if Debt Securities do not provide for default remedies, the interest payments will be included in the Debt Security’s stated redemption price at maturity and taxed as OID. Interest is payable at a single fixed rate only if the rate appropriately

takes into account the length of the interval between payments. If the interval between the issue date and the first distribution date on a Debt Security is longer than the interval between subsequent distribution dates, but the amount of the distribution is not adjusted to reflect the longer interval, then for purposes of determining whether the Debt Security has de minimis OID, the stated redemption price of the Debt Security is treated as the issue price (determined as described above) plus the greater of (i) the amount of the distribution foregone or (ii) the excess (if any) of the Debt Security's stated principal over its issue price. If the interval between the issue date and the first distribution date on a Debt Security is shorter than the interval between subsequent distribution dates, but the amount of the distribution is not adjusted to reflect the shorter interval, then for the purposes of determining the OID, if any, on the Debt Security, the excess amount of the distribution would be added to the Debt Security's stated redemption price.

Under the de minimis rule, OID on a Debt Security will be considered to be zero if the OID is less than 0.25% of the stated redemption price at maturity of the Debt Security multiplied by the weighted average maturity of the Debt Security. The weighted average maturity of a Debt Security is the sum of the weighted maturity of each payment of the Debt Security's stated redemption price. The weighted maturity of each stated redemption price payment is (i) the number of complete years from the issue date until the payment is made, multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Debt Security's total stated redemption price.

Although unclear, it appears that the projected payments of stated redemption price on a debt instrument should be based on a schedule that is determined in accordance with the anticipated rate of prepayments assumed in pricing the debt instrument (the "Prepayment Assumption"). Any Prepayment Assumption with respect to a series of Debt Securities will be set forth in the related prospectus supplement. Holders generally must report de minimis OID pro rata as principal payments are received, and that income will be capital gain if the Debt Security is held as a capital asset. Holders may, however, elect to accrue all de minimis OID as well as market discount under a constant interest method.

Debt Securities may provide for interest based on a qualified variable rate. Under the OID Regulations, interest is treated as payable at a qualified variable rate and not as contingent interest if, generally,

- the interest is unconditionally payable at least annually,
- the issue price of the Debt Security does not exceed the total noncontingent principal payments and
- interest is based on a "qualified floating rate," an "objective rate," or a combination of "qualified floating rates" that do not operate in a manner that significantly accelerates or defers interest payments on the Debt Security.

In the case of securities that initially add interest to principal or only make payments of principal ("Compound Interest Securities"), certain securities the payments on which consist solely or primarily of interest payments on underlying mortgages or on other Regular Interest Securities ("Interest Weighted Securities"), and certain of the other Debt Securities, none of the payments under the instrument will be considered qualified stated interest, and thus the aggregate amount of all payments will be included in the stated redemption price.

Regulations governing the calculation of OID on instruments having contingent interest payments do not apply to debt instruments subject to Code Section 1272(a)(6), such as the Debt Securities, and the OID Regulations do not contain provisions specifically interpreting Code Section 1272(a)(6). Until the Treasury issues guidance to the contrary, the trustee intends to base its OID computations on Code Section 1272(a)(6) and the OID Regulations as described in this prospectus. Because no regulatory guidance currently exists under Code Section 1272(a)(6), however, we can give no assurance that the methodology represents the correct manner of calculating OID.

The holder of a Debt Security issued with OID must include in gross income, for all days during its taxable year on which it holds the Debt Security, the sum of the "daily portions" of the original issue discount. The amount of OID includible in income by a holder will be computed by allocating to each day in an accrual period in a taxable year a pro rata portion of the original issue discount that accrued during that day. In the case of a Debt Security that

is not a Regular Interest Security or that is subject to acceleration due to prepayments on the underlying loans, the amount of OID includible in income of a holder for an accrual period will equal the product of the yield to maturity of the Debt Security and the adjusted issue price of the Debt Security, reduced by any payments of qualified stated interest. The adjusted issue price of a Debt Security is the sum of its issue price plus prior accruals of OID, reduced by the total payments other than qualified stated interest payments made with respect to the Debt Security in all prior accrual periods.

The amount of OID included in income by a holder of a debt instrument that is subject to acceleration due to prepayments on other debt obligations securing the instruments (a "Pay-Through Security") is computed by taking into account the Prepayment Assumption. The amount of OID that will accrue during an accrual period on a Pay-Through Security is the excess (if any) of (i) the sum of (a) the present value of all payments remaining to be made on the Pay-Through Security as of the close of the accrual period and (b) the payments during the accrual period of amounts included in the stated redemption price of the Pay-Through Security, over (ii) the adjusted issue price of the Pay-Through Security at the beginning of the accrual period. The present value of the remaining payments is to be determined on the basis of three factors: (i) the original yield to maturity of the Pay-Through Security (determined on the basis of compounding at the end of each accrual period and properly adjusted for the length of the accrual period), (ii) events which have occurred before the end of the accrual period and (iii) the assumption that the remaining payments will be made in accordance with the original Prepayment Assumption. The effect of this method is to increase the portions of OID required to be included in income by a holder to take into account prepayments with respect to the loans at a rate that exceeds the Prepayment Assumption, and to decrease (but not below zero for any period) the portions of original issue discount required to be included in income by a holder of a Pay-Through Security to take into account prepayments with respect to the loans at a rate that is slower than the Prepayment Assumption. Although original issue discount will be reported to holders of Pay-Through Securities based on the Prepayment Assumption, no representation is made to holders that loans will be prepaid at that rate or at any other rate.

The depositor may adjust the accrual of OID on a Class of Regular Interest Securities (or other regular interests in a REMIC) in a manner that it believes to be appropriate, to take account of realized losses on the loans, although the OID Regulations do not provide for those adjustments. If the IRS were to require that OID be accrued without the adjustments, the rate of accrual of OID for a Class of Regular Interest Securities could increase.

Certain classes of Regular Interest Securities may represent more than one class of REMIC regular interests. Unless otherwise provided in the related prospectus supplement, the trustee intends, based on the OID Regulations, to calculate OID on those securities as if, solely for the purposes of computing OID, the separate regular interests were a single debt instrument.

A subsequent holder of a Debt Security will also be required to include OID in gross income, but if the holder purchases the Debt Security for an amount that exceeds its adjusted issue price, then the holder will be entitled (as will an initial holder who pays more than a Debt Security's issue price) to offset the OID by comparable economic accruals of the excess.

Effects of Defaults and Delinquencies. Holders of a Pay-Through Security will be required to report income with respect to the security under an accrual method without giving effect to delays and reductions in distributions attributable to a default or delinquency on the underlying loans, except possibly to the extent that it can be established that the amounts are uncollectible. As a result, the amount of income (including OID) reported by a holder of such a security in any period could significantly exceed the amount of cash distributed to the holder in that period. The holder will eventually be allowed a loss (or will be allowed to report a lesser amount of income) to the extent that the aggregate amount of distributions on the securities is reduced as a result of a loan default. However, the timing and character of the losses or reductions in income are uncertain and, accordingly, holders of securities are encouraged to consult their tax advisors on this point.

Interest Weighted Securities. It is not clear how income should be accrued with respect to Interest Weighted Securities. The Issuer intends to take the position that all of the income derived from an Interest Weighted Security should be treated as OID and that the amount and rate of accrual of the OID should be calculated by treating the Interest Weighted Security as a Compound Interest security. However, in the case of Interest Weighted Securities that are entitled to some payments of principal and that are Regular Interest Securities the IRS

could assert that income derived from an Interest Weighted Security should be calculated as if the security were a security purchased at a premium equal to the excess of the price paid by the holder for the security over its stated principal amount, if any. Under this approach, a holder would be entitled to amortize the premium only if it has in effect an election under Section 171 of the Code with respect to all taxable debt instruments held by the holder, as described below. Alternatively, the IRS could assert that an Interest Weighted Security should be taxable under the rules governing bonds issued with contingent payments. That treatment may be more likely in the case of Interest Weighted Securities that are Stripped Securities as described below. See “— Tax Status as a Grantor Trust — Discount or Premium on Pass-Through Securities.”

Variable Rate Debt Securities. In the case of Debt Securities bearing interest at a rate that varies directly, or according to a fixed formula, with an objective index, it appears that (i) the yield to maturity of the Debt Securities and (ii) in the case of Pay-Through Securities, the present value of all payments remaining to be made on the Debt Securities, should be calculated as if the interest index remained at its value as of the issue date of the securities. Because the proper method of adjusting accruals of OID on a variable rate Debt Security is uncertain, holders of variable rate Debt Securities are encouraged to consult their tax advisers regarding the appropriate treatment of the securities for federal income tax purposes.

Market Discount. A security may be subject to the market discount rules of Sections 1276 through 1278 of the Code. A holder that acquires a Debt Security with more than a prescribed de minimis amount of “market discount” (generally, the excess of the principal amount of the Debt Security over the purchaser’s purchase price) will be required to include accrued market discount in income as ordinary income in each month, but limited to an amount not exceeding the principal payments on the Debt Security received in that month and, if the securities are sold, the amount of gain realized. Market discount is supposed to be accrued in a manner provided in Treasury regulations but, until the regulations are issued, Congress apparently intended that market discount would generally be accrued either (i) on the basis of a constant yield (in the case of a Pay-Through Security, taking into account a Prepayment Assumption) or (ii) (a) in the case of securities issued without OID (or Pass-Through Securities representing ownership of loans issued without OID), on the basis of the rates of the stated interest payable in the relevant period to total stated interest remaining to be paid at the beginning of the period or (b) in the case of securities issued with OID (or Pass-Through Securities representing ownership of loans issued with OID) on the basis of the rates of the OID in the relevant period to total OID remaining to be paid.

Section 1277 of the Code provides that the excess of interest paid or accrued to purchase or carry a security with market discount (or Pass-Through Security representing ownership of loans with market discount) over interest received on the security is allowed as a current deduction only to the extent the excess is greater than the market discount that accrued during the taxable year in which the interest expense was incurred. In general, the deferred portion of any interest expense will be deductible when the market discount is included in income, including upon the sale, disposition, or repayment of the security (or in the case of a Pass-Through Security, the sale, disposition, or repayment of the Pass-Through Security or an underlying loan). A holder may elect to include market discount in income currently as it accrues, on all market discount obligations acquired by the holder during the taxable year the election is made and thereafter, in which case the interest deferral rule will not apply.

Premium. A holder who purchases a Debt Security (other than an Interest Weighted Security to the extent described above) at a cost greater than its stated redemption price at maturity, generally will be considered to have purchased the security at a premium, which it may elect to amortize as an offset to interest income on the security (and not as a separate deduction item) on a constant yield method. Although no regulations addressing the computation of premium accrual on securities similar to the securities have been issued, the legislative history of the Tax Reform Act of 1986 indicates that premium is to be accrued in the same manner as market discount, which would mean using the Prepayment Assumption used in pricing the Debt Security. If a holder makes an election to amortize premium on a Debt Security, the election will apply to all taxable debt instruments (including all REMIC regular interests and all pass-through certificates representing ownership interests in a trust holding debt obligations) held by the holder on the first day of the taxable year for which the election is made, and to all taxable debt instruments acquired thereafter by the holder, and will be revocable only with IRS consent. Purchasers who pay a premium for the securities are encouraged to consult their tax advisers regarding the election to amortize premium and the method to be employed.

The Treasury regulations (the “Bond Premium Regulations”) dealing with amortizable bond premium do not apply to prepayable debt instruments subject to Code Section 1272(a)(6) such as the securities. Absent further guidance from the IRS and Treasury Department, the trustee intends to account for amortizable bond premium in the manner described above. Prospective purchasers of the securities are encouraged to consult their tax advisors regarding the possible application of the Bond Premium Regulations.

Election to Treat All Interest as Original Issue Discount. The OID Regulations permit a holder of a Debt Security to elect to accrue all interest, discount (including de minimis market or original issue discount) and premium in income as interest, based on a constant yield method. If the election were made with respect to a Debt Security with market discount, the holder of the Debt Security would be deemed to have made an election to include in income currently market discount with respect to all other debt instruments having market discount that the holder of the Debt Security acquired on and after the first day of the taxable year for which the election was made. Similarly, if the election were made with respect to a Debt Security that is acquired at a premium, the holder of the Debt Security would be deemed to have made an election to amortize bond premium with respect to all debt instruments having amortizable bond premium that the holder owned and acquired on and after the first day of the taxable year for which the election was made. The election to accrue interest, discount and premium on a constant yield method with respect to a Debt Security is irrevocable without IRS consent.

Taxation of the REMIC and Its Holders

General. In the opinion of Tax Counsel, if one or more REMIC elections are made with respect to a series of securities, then the arrangement by which the securities of that series are issued will be treated as one or more REMICs as long as all of the provisions of the applicable Agreement are complied with and the statutory and regulatory requirements are satisfied. Securities will be designated as “Regular Interests” or “Residual Interests” in a REMIC, as specified in the related prospectus supplement. (The phrases “Regular Interests” and “Regular Interest Securities” are used interchangeably).

Except to the extent specified otherwise in a prospectus supplement, if one or more REMIC elections are made with respect to a series of securities, (i) securities held by a domestic building and loan association will constitute “a regular or a residual interest in a REMIC” within the meaning of Code Section 7701(a)(19)(C)(xi) (assuming that at least 95% of the REMIC’s assets consist of cash, government securities, “loans secured by an interest in real property,” and other types of assets described in Code Section 7701(a)(19)(C)); and (ii) securities held by a real estate investment trust will constitute “real estate assets” within the meaning of Code Section 856(c)(5)(B), and income with respect to the securities will be considered “interest on obligations secured by mortgages on real property or on interests in real property” within the meaning of Code Section 856(c)(3)(B) (assuming, for both purposes, that at least 95% of the REMIC’s assets are qualifying assets). If less than 95% of the REMIC’s assets consist of assets described in (i) or (ii) above, then a security will qualify for the tax treatment described in (i), (ii) or (iii) in the proportion that those REMIC assets (and income in the case of (ii)) are qualifying assets (and income).

REMIC Expenses; Single Class REMICs

As a general rule, all of the expenses of a REMIC will be taken into account by holders of the Residual Interests. In the case of a “single class REMIC,” however, the expenses will be allocated, under Treasury regulations, among the holders of the Regular Interest Securities and the holders of the Residual Interests on a daily basis in proportion to the relative amounts of income accruing to each holder on that day. In the case of a holder of a Regular Interest Security who is an individual or a “pass-through interest holder” (including certain pass-through entities but not including real estate investment trusts), the expenses will be deductible only to the extent that the expenses, plus other “miscellaneous itemized deductions” of the holder, exceed 2% of the holder’s adjusted gross income and are not deductible for purposes of computing the alternative minimum tax. In addition, the amount of itemized deductions otherwise allowable for the taxable year for an individual whose adjusted gross income exceeds the applicable amount (which amount will be adjusted for inflation) will be reduced by the lesser of

- 3% of the excess of adjusted gross income over the applicable amount, or

- 80% of the amount of itemized deductions otherwise allowable for the taxable year.

These percentages are scheduled to be reduced starting in 2006 and return to current levels in 2010. The reduction or disallowance of this deduction may have a significant impact on the yield of the Regular Interest Security to such a holder. In general terms, a single class REMIC is one that either

- would qualify, under existing Treasury regulations, as a grantor trust if it were not a REMIC (treating all interests as ownership interests, even if they would be classified as debt for federal income tax purposes) or
- is similar to such a trust and which is structured with the principal purpose of avoiding the single class REMIC rules.

The applicable prospectus supplement may provide for the allocation of REMIC expenses, but if it does not, the expenses of the REMIC will be allocated to holders of the related Residual Interests.

Taxation of the REMIC

General. Although a REMIC is a separate entity for federal income tax purposes, a REMIC is not generally subject to entity-level tax. Rather, the taxable income or net loss of a REMIC is taken into account by the holders of the Residual Interests. As described previously under the caption "Taxation of Debt Securities," Regular Interests are generally taxable as debt of the REMIC.

Calculation of REMIC Income. The taxable income or net loss of a REMIC is determined under an accrual method of accounting and in the same manner as in the case of an individual, with certain adjustments. In general, the taxable income or net loss will be the difference between

- the gross income produced by the REMIC's assets, including stated interest and any original issue discount or market discount on loans and other assets, and
- deductions, including stated interest and original issue discount accrued on Regular Interest Securities, amortization of any premium with respect to loans, and servicing fees and other expenses of the REMIC.

A holder of a Residual Interest that is an individual or a "pass-through interest holder" (including certain pass-through entities, but not including real estate investment trusts) will be unable to deduct servicing fees payable on the loans or other administrative expenses of the REMIC for a given taxable year, to the extent that the expenses, when aggregated with the holder's other miscellaneous itemized deductions for that year, do not exceed two percent of the holder's adjusted gross income.

For purposes of computing its taxable income or net loss, the REMIC should have an initial aggregate tax basis in its assets equal to the aggregate fair market value of the regular interests and the Residual Interests on the Startup Day (generally, the day that the interests are issued). That aggregate basis will be allocated among the assets of the REMIC in proportion to their respective fair market values.

Subject to possible application of the de minimis rules, the method of accrual by the REMIC of OID income on mortgage loans will be equivalent to the method under which holders of Pay-Through Securities accrue original issue discount (that is, under the constant yield method taking into account the Prepayment Assumption). The REMIC will deduct OID on the Regular Interest Securities in the same manner that the holders of the Regular Interest Securities include the discount in income, but without regard to the de minimis rules. See "Taxation of Debt Securities" above. A REMIC that acquires loans at a market discount, however, must include that market discount in income currently, as it accrues, on a constant yield basis.

To the extent that the REMIC's basis allocable to loans that it holds exceeds their principal amounts, the resulting premium will be amortized over the life of the loans (taking into account the Prepayment Assumption) on a constant yield method.

Prohibited Transactions and Contributions Tax. The REMIC will be subject to a 100% tax on any net income derived from a “prohibited transaction.” For this purpose, net income will be calculated without taking into account any losses from prohibited transactions or any deductions attributable to any prohibited transaction that resulted in a loss. In general, and subject to certain exceptions, prohibited transactions include:

- the sale or other disposition by the REMIC of any cash flow investment or qualified mortgage;
- the receipt of any income from assets not permitted to be held by the REMIC under the Code; or
- the receipt of any fees or other compensation for services rendered by the REMIC.

It is anticipated that a REMIC will not engage in any prohibited transactions in which it would recognize a material amount of net income. In addition, subject to a number of exceptions, a tax is imposed at the rate of 100% on amounts contributed to a REMIC after the close of the three-month period beginning on the Startup Day. The holders of Residual Interests will generally be made responsible for the payment of any such taxes imposed on the REMIC. To the extent not paid by the holders or otherwise, however, the taxes will be paid out of the trust fund and will be allocated pro rata to all outstanding classes of securities of the REMIC.

Taxation of Holders of Residual Interests

The holder of a “Residual Interest” will take into account the “daily portion” of the taxable income or net loss of the REMIC for each day during the taxable year on which the holder held the Residual Interest. The daily portion is determined by allocating to each day in any calendar quarter its ratable portion of the taxable income or net loss of the REMIC for the quarter, and by allocating that amount among the holders (on that day) of the Residual Interests in proportion to their respective holdings on that day. In addition, some of the income reported by the holder of a Residual Interest may not be subject to reduction for net operating losses and other deductions. For this reason, and because the holder of a Residual Interest must report its proportionate share of the REMIC’s taxable income whether or not the holder receives cash distributions from the REMIC, the taxes imposed on the net income attributable to a Residual Interest can substantially exceed the distributions on the interest, resulting in a negative after-tax yield.

Limitation on Losses. The amount of the REMIC’s net loss that a holder may take into account currently is limited to the holder’s adjusted basis in the Residual Interest at the end of the calendar quarter in which the loss arises. A holder’s basis in a Residual Interest will initially equal the holder’s purchase price, and will subsequently be increased by the amount of the REMIC’s taxable income allocated to the holder, and decreased (but not below zero) by the amount of distributions made and the amount of the REMIC’s net loss allocated to the holder. Any disallowed loss may be carried forward indefinitely, but may be used only to offset income of the REMIC generated by the same REMIC. The ability of holders of Residual Interests to deduct net losses may be subject to additional limitations under the Code, as to which the holders are encouraged to consult their tax advisers.

Distributions. Distributions on a Residual Interest (whether at their scheduled times or as a result of prepayments) will generally not result in any additional taxable income or loss to a holder of a Residual Interest. If the amount of the payment exceeds a holder’s adjusted basis in the Residual Interest, however, the holder will recognize gain (treated as gain from the sale of the Residual Interest) to the extent of the excess.

Sale or Exchange. A holder of a Residual Interest will recognize gain or loss on the sale or exchange of a Residual Interest equal to the difference, if any, between the amount realized and the holder’s adjusted basis in the Residual Interest at the time of the sale or exchange. Any loss from the sale of a Residual Interest will be subject to the “wash sale” rules of Code Section 1091 if, during the period beginning six months before and ending six months after the sale of the Residual Interest, the seller reacquires the Residual Interest, or acquires (i) a Residual Interest in any other REMIC, (ii) a similar interest in a “taxable mortgage pool” (as defined in Code Section 7701(i)) or (iii) an ownership interest in a FASIT (as defined in Code Section 860L). In general, under the wash sale rules, loss from the Residual Interest will be disallowed and the Residual Interest holder’s basis in the replacement interest will be the basis in the Residual Interest that was sold, decreased or increased, as the case may be, by the difference between the selling price of the Residual Interest and the purchase price of the replacement interest.

Excess Inclusions. The portion of the REMIC taxable income of a holder of a Residual Interest consisting of “excess inclusion” income may not be offset by other deductions or losses, including net operating losses, on the holder’s federal income tax return. Further, if the holder of a Residual Interest is an organization subject to the tax on unrelated business income imposed by Code Section 511, the holder’s excess inclusion income will be treated as unrelated business taxable income of the holder. In addition, under Treasury regulations yet to be issued, if a real estate investment trust, a regulated investment company, a common trust fund, or certain cooperatives were to own a Residual Interest, a portion of dividends (or other distributions) paid by the real estate investment trust (or other entity) would be treated as excess inclusion income. If a Residual Interest is owned by a foreign person, excess inclusion income is subject to tax at a rate of 30%, which may not be reduced by treaty, is not eligible for treatment as “portfolio interest” and is subject to certain additional limitations. See “Tax Treatment of Foreign Investors.”

Three special rules apply for determining the effect of excess inclusions on the alternative minimum taxable income of a residual holder. First, alternative minimum taxable income for the residual holder is determined without regard to the rule that taxable income cannot be less than excess inclusions. Second, a residual holder’s alternative minimum taxable income for a tax year cannot be less than excess inclusions for the year. Third, the amount of any alternative minimum tax net operating loss deductions must be computed without regard to any excess inclusions.

In the case of a Residual Interest that has no significant value, the excess inclusion portion of a REMIC’s income is generally equal to all of the REMIC taxable income allocable to the residual holder. In other cases, the excess inclusion portion of a REMIC’s income is generally equal to the excess, if any, of REMIC taxable income for the quarterly period allocable to a Residual Interest, over the daily accruals for the quarterly period of (i) 120% of the long term applicable federal rate on the Startup Day multiplied by (ii) the adjusted issue price of the Residual Interest at the beginning of the quarterly period. The adjusted issue price of a Residual Interest at the beginning of each calendar quarter will equal its issue price (calculated in a manner analogous to the determination of the issue price of a Regular Interest), increased by the aggregate of the daily accruals for prior calendar quarters, and decreased (but not below zero) by the amount of loss allocated to a holder and the amount of distributions made on the Residual Interest before the beginning of the quarter. The long-term federal rate, which is announced monthly by the Treasury Department, is an interest rate that is based on the average market yield of outstanding marketable obligations of the United States government having remaining maturities in excess of nine years.

Under the REMIC Regulations, in certain circumstances, transfers of Residual Interests may be disregarded. See “— Restrictions on Ownership and Transfer of Residual Interests” and “— Tax Treatment of Foreign Investors” below.

Restrictions on Ownership and Transfer of Residual Interests. As a condition to qualification as a REMIC, reasonable arrangements must be made to prevent the ownership of a Residual Interest by any “Disqualified Organization.” Disqualified Organizations include the United States, any State or political subdivision thereof, any foreign government, any international organization, or any agency or instrumentality of any of the foregoing, a rural electric or telephone cooperative described in Section 1381(a)(2)(C) of the Code, or any entity exempt from the tax imposed by Sections 1 through 1399 of the Code, if the entity is not subject to tax on its unrelated business income. Accordingly, the applicable Pooling and Servicing Agreement will prohibit Disqualified Organizations from owning a Residual Interest. In addition, no transfer of a Residual Interest will be permitted unless the proposed transferee shall have furnished to the trustee an affidavit representing and warranting that it is neither a Disqualified Organization nor an agent or nominee acting on behalf of a Disqualified Organization.

If a Residual Interest is transferred to a Disqualified Organization in violation of the restrictions set forth above, a substantial tax can be imposed on the transferor of the Residual Interest at the time of the transfer. In addition, if a Disqualified Organization holds an interest in a pass-through entity (including, among others, a partnership, trust, real estate investment trust, regulated investment company, or any person holding as nominee), that owns a Residual Interest, the pass-through entity will be required to pay an annual tax on the Disqualified Organization’s pass-through share of the excess inclusion income of the REMIC. If an “electing large partnership” holds a Residual Interest, all interests in the electing large partnership are treated as held by disqualified organizations for purposes of the tax imposed upon a pass-through entity under section 860E(e) of the Code. An exception to this tax, otherwise available to a pass-through entity that is furnished certain affidavits by record

holders of interests in the entity and that does not know the affidavits are false, is not available to an electing large partnership.

Noneconomic Residual Interests. The REMIC Regulations disregard, for federal income tax purposes, any transfer of a Noneconomic Residual Interest to a “U.S. Transferee” unless no significant purpose of the transfer is to enable the transferor to impede the assessment or collection of tax. For this purpose, a U.S. Transferee means a U.S. Person as defined under “Certain Federal Income Tax Consequences — Non-REMIC Certificates — Non-U.S. Persons.” A U.S. Transferee also includes foreign entities and individuals (Non-U.S. Persons) but only if their income from the Residual Interest is subject to tax under Code Section 871(b) or Code Section 882 (income effectively connected with a U.S. trade or business). If the transfer of a Noneconomic Residual Interest is disregarded, the transferor continues to be treated as the owner of the Residual Interest and continues to be subject to tax on its allocable portion of the net income of the REMIC.

A Residual Interest (including a Residual Interest with a positive value at issuance) is a “Noneconomic Residual Interest” at the time of transfer unless, (i) taking into account the Prepayment Assumption and any required or permitted clean up calls or required liquidation provided for in the REMIC’s organizational documents, the present value of the expected future distributions on the Residual Interest at least equals the product of (A) the present value of the anticipated excess inclusions and (B) the highest corporate income tax rate in effect for the year in which the transfer occurs, and (ii) the transferor reasonably expects that the transferee will receive distributions from the REMIC at or after the time at which taxes accrue on the anticipated excess inclusions in an amount sufficient to satisfy the accrued taxes. A transfer of a Noneconomic Residual Interest has a “significant purpose to impede the assessment or collection of tax” if, at the time of transfer, the transferor either knew or should have known (had “Improper Knowledge”) that the transferee would be unwilling or unable to pay taxes due on its share of the taxable income of the REMIC.

The REMIC Regulations also provide a safe harbor under which the transferor of a Noneconomic Residual Interest is presumed not to have Improper Knowledge at the time of transfer if the following conditions are met: (i) the transferor conducts a reasonable investigation of the financial condition of the transferee, finds that the transferee has historically paid its debts as they came due, and finds no significant evidence to indicate that the transferee will not continue to pay its debts as they come due; (ii) the transferee represents that it understands that as a result of holding the Noneconomic Residual Interest, it may incur tax liabilities in excess of any cash flows generated by the Noneconomic Residual Interest and intends to pay taxes associated with holding the Noneconomic Residual Interest as they become due; (iii) the transferee represents that it will not cause income from the Noneconomic Residual Interest to be attributable to a foreign permanent establishment or fixed base (within the meaning of an applicable income tax treaty) (“Offshore Location”) of the transferee or another U.S. taxpayer; (iv) the transferee is not located in an Offshore Location; and (v) the transferee meets either the Formula Test or the Asset Test.

A transfer of a Noneconomic Residual Interest meets the Formula Test if the present value of the anticipated tax liabilities associated with holding the Residual Interest does not exceed the sum of, (i) the present value of any consideration given to the transferee to acquire the interest; (ii) the present value of the expected future distributions on the interest; and (iii) the present value of the anticipated tax savings associated with holding the interest as the REMIC generates losses. For purposes of the Formula Test the transferee is assumed to pay tax at a rate equal to the highest corporate rate of tax specified in Code Section 11(b)(1). If, however, the transferee has been subject to the alternative minimum tax (“AMT”) under Code Section 55 in the preceding two years and will compute its taxable income in the current taxable year using the AMT rate, then the transferee can assume that it pays tax at the AMT rate specified in Code Section 55(b)(1)(B). Present values are computed using a discount rate equal to the Federal short-term rate prescribed by Code Section 1274(d) for the month of the transfer and the compounding period used by the transferee.

The Asset Test only applies in cases where the transferee is an Eligible Corporation. To be an Eligible Corporation, the transferee must be a taxable domestic C corporation other than a regulated investment company, a real estate investment trust, a REMIC or a cooperative. In addition, regardless of who the transferee may be, the transfer of a Residual Interest to an Offshore Location does not qualify as a transfer to an Eligible Corporation even if the Offshore Location is only a branch of an Eligible Corporation and not a separate legal entity. A transfer of a Noneconomic Residual Interest meets the Asset Test if at the time of the transfer, and at the close of each of the transferee’s two fiscal years preceding the year of transfer, the transferee’s gross assets for financial reporting

purposes exceed \$100 million and its net assets for financial reporting purposes exceed \$10 million. The gross assets and net assets of a transferee do not include any obligation of any person related to the transferee (such as a shareholder, partner, affiliate or sister corporation) or any asset acquired for a principal purpose of satisfying the Asset Test. In addition, the transferee must make a written agreement that any subsequent transfer of the interest will be to another Eligible Corporation in a transaction that satisfies the Asset Test. A transfer fails to meet this requirement if the transferor knows, or has reason to know, that the transferee will not honor the restrictions on subsequent transfers. Finally, the facts and circumstances known to the transferor on or before the date of the transfer must not reasonably indicate that the taxes associated with the Residual Interest will not be paid. The consideration given to the transferee to acquire the non-economic Residual Interest in the REMIC is only one factor to be considered. However, if the amount of consideration is so low that under any set of reasonable assumptions a reasonable person would conclude that the taxes associated with holding the Residual Interest will not be paid, then the transferor is deemed to know that the transferee cannot or will not pay. In determining whether the amount is too low, the specific terms of the Formula Test need not be used.

Treatment of Inducement Fees. Regulations require inducement fees to be included in income over a period reasonably related to the period in which the related Residual Interest is expected to generate taxable income or net loss allocable to the holder. The regulations provide two safe harbor methods, which permit transferees to include inducement fees in income either (i) in the same amounts and over the same periods that the taxpayer uses for financial reporting purposes, provided that the period is not shorter than the period the REMIC is expected to generate taxable income or (ii) ratably over the remaining anticipated weighted average life of all the Regular and Residual Interests issued by the REMIC, determined based on actual distributions projected as remaining to be made on the interests under the Prepayment Assumption. If the holder of a Residual Interest sells or otherwise disposes of the Residual Interest, any unrecognized portion of the inducement fee must be taken into account at the time of the sale or disposition. The final regulations also provide that an inducement fee shall be treated as income from sources within the United States. In addition, the IRS has issued administrative guidance addressing the procedures by which transferees of Noneconomic Residual Interests may obtain automatic consent from the IRS to change the method of accounting for REMIC inducement fee income to one of the safe harbor methods provided in these final regulations (including a change from one safe harbor method to the other safe harbor method). Prospective purchasers of the Residual Interests are encouraged to consult with their tax advisors regarding the effect of these final regulations and the related guidance regarding the procedures for obtaining automatic consent to change the method of accounting.

Mark to Market Rules. A Residual Interest cannot be marked-to-market.

Administrative Matters

A REMIC's books must be maintained on a calendar year basis and a REMIC must file an annual federal income tax return. Ordinarily, a REMIC will also be subject to the procedural and administrative rules of the Code applicable to partnerships, including the determination of any adjustments to, among other things, items of REMIC income, gain, loss, deduction, or credit, by the IRS in a unified administrative proceeding.

Tax Status as a Grantor Trust

General. As specified in the related prospectus supplement if REMIC or partnership elections are not made, in the opinion of Tax Counsel, the trust fund relating to a series of securities will be classified for federal income tax purposes as a grantor trust under Subpart E, Part I of Subchapter J of the Code and not as a corporation (the securities of that series, "Pass-Through Securities"). In some series there will be no separation of the principal and interest payments on the loans. In those circumstances, a holder will be considered to have purchased a pro rata undivided interest in each of the loans. In other cases the Pass-Through Securities will represent disproportionate interests in the principal or interest payable on the underlying loans ("Stripped Securities") and sale of the Stripped Securities to different holders will separate the ownership of such interests.

Each holder must report on its federal income tax return its share of the gross income derived from the loans (not reduced by the amount payable as fees to the trustee and the servicer and similar fees (collectively, the "Servicing Fee")), at the same time and in the same manner as those items would have been reported under the holder's tax accounting method had it held its interest in the loans directly, received directly its share of the amounts

received with respect to the loans, and paid directly its share of the Servicing Fees. In the case of Pass-Through Securities other than Stripped Securities, that income will consist of a pro rata share of all of the income derived from all of the loans and, in the case of Stripped Securities, that income will consist of a pro rata share of the income derived from each stripped bond or stripped coupon in which the holder owns an interest. The holder of a security will generally be entitled to deduct the Servicing Fees under Section 162 or Section 212 of the Code to the extent that the Servicing Fees represent “reasonable” compensation for the services rendered by the trustee and the servicer (or third parties that are compensated for the performance of services). In the case of a noncorporate holder, however, Servicing Fees (to the extent not otherwise disallowed, for example, because they exceed reasonable compensation) will be deductible in computing the holder’s regular tax liability only to the extent that the fees, when added to other miscellaneous itemized deductions, exceed 2% of adjusted gross income and are not deductible in computing the holder’s alternative minimum tax liability. In addition, the amount of itemized deductions otherwise allowable for the taxable year for an individual whose adjusted gross income exceeds the applicable amount (which amount will be adjusted for inflation) will be reduced by the lesser of (i) 3% of the excess of adjusted gross income over the applicable amount or (ii) 80% of the amount of itemized deductions otherwise allowable for the taxable year. (These percentages are scheduled to be reduced in 2006 and return to current levels in 2010).

Discount or Premium on Pass-Through Securities. The holder’s purchase price of a Pass-Through Security is to be allocated among the underlying loans in proportion to their fair market values, determined as of the time of purchase of the securities. In the typical case, the trustee (to the extent necessary to fulfill its reporting obligations) will treat each loan as having a fair market value proportional to the share of the aggregate principal balances of all of the loans that it represents, since the securities, generally, will have a relatively uniform interest rate and other common characteristics. To the extent that the portion of the purchase price of a Pass-Through Security allocated to a loan (other than to a right to receive any accrued interest thereon and any undistributed principal payments) is less than or greater than the portion of the principal balance of the loan allocable to the security, the interest in the loan allocable to the Pass-Through Security will be deemed to have been acquired at a discount or premium, respectively.

The treatment of any discount will depend on whether the discount represents OID or market discount. In the case of a loan with OID in excess of a prescribed de minimis amount or a Stripped Security, a holder of a security will be required to report as interest income in each taxable year its share of the amount of OID that accrues during that year in the manner described above. OID with respect to a loan could arise, for example, by virtue of the financing of points by the originator of the loan, or by virtue of the charging of points by the originator of the loan in an amount greater than a statutory de minimis exception. Any market discount or premium on a loan will be includible in income, generally in the manner described above, except that in the case of Pass-Through Securities, market discount is calculated with respect to the loans underlying the security, rather than with respect to the security. A holder that acquires an interest in a loan with more than a de minimis amount of market discount (generally, the excess of the principal amount of the loan over the purchaser’s allocable purchase price) will be required to include accrued market discount in income in the manner set forth above. See “— Taxation of Debt Securities; Market Discount” and “— Premium” above.

The holder generally will be required to allocate the portion of market discount that is allocable to a loan among the principal payments on the loan and to include the discount allocable to each principal payment in ordinary income at the time the principal payment is made. That treatment would generally result in discount being included in income at a different rate than discount would be required to be included in income using the method described in the preceding paragraph.

Stripped Securities. A Stripped Security may represent a right to receive only a portion of the interest payments on the loans, a right to receive only principal payments on the loans, or a right to receive certain payments of both interest and principal. Certain Stripped Securities (“Ratio Strip Securities”) may represent a right to receive different percentages of interest and principal on different loans. Under Section 1286 of the Code, the separation of ownership of the right to receive some or all of the interest payments on an obligation from ownership of the right to receive some or all of the principal payments results in the creation of “stripped bonds” with respect to principal payments and “stripped coupons” with respect to interest payments. Section 1286 of the Code applies the OID rules to stripped bonds and stripped coupons. For purposes of computing original issue discount, a stripped bond or a stripped coupon is treated as a debt instrument issued on the date that the stripped interest is purchased with an issue price equal to its purchase price or, if more than one stripped interest is purchased, the ratable share of the purchase price allocable to the stripped interest.

Servicing fees in excess of reasonable servicing fees ("excess servicing") will be treated under the stripped bond rules. If the excess servicing fee is less than 100 basis points (that is, 1% interest on the loan principal balance) or the securities are initially sold with a de minimis discount (assuming no Prepayment Assumption is required), any non-de minimis discount arising from a subsequent transfer of the securities should be treated as market discount. The IRS appears to require that reasonable servicing fees be calculated on a loan by loan basis, which could result in some loans being treated as having more than 100 basis points of interest stripped off.

The OID Regulations and judicial decisions provide no direct guidance on how the interest and original issue discount rules apply to Stripped Securities and other Pass-Through Securities. Under the method described above for Pay-Through Securities (the "Cash Flow Bond Method"), a Prepayment Assumption is used and periodic recalculations are made which take into account with respect to each accrual period the effect of prepayments during the period. However, the Tax Reform Act of 1986 does not, absent Treasury regulations, appear specifically to cover instruments such as the Stripped Securities, which represent ownership interests in the underlying loans rather than debt instruments "secured by" those loans. The Taxpayer Relief Act of 1997 may allow use of the Cash Flow Bond Method with respect to Stripped Securities and other Pass-Through Securities because it provides that the method applies to any pool of debt instruments the yield on which may be affected by prepayments. Nevertheless, it is believed that the Cash Flow Bond Method is a reasonable method of reporting income for the securities, and it is expected that OID will be reported on that basis; provided that the applicable prospectus supplement may provide for the reporting of OID on an alternative basis. In applying the calculation to Pass-Through Securities, the trustee will treat all payments to be received by a holder with respect to the underlying loans as payments on a single installment obligation. The IRS could, however, assert that original issue discount must be calculated separately for each loan underlying a security.

Under certain circumstances, if the underlying loans prepay at a rate faster than the Prepayment Assumption, the use of the Cash Flow Bond Method may accelerate a holder's recognition of income. If, however, the loans prepay at a rate slower than the Prepayment Assumption, in some circumstances the use of this method may delay a holder's recognition of income.

In the case of a Stripped Security that is an Interest Weighted Security, the trustee intends, absent contrary authority, to report income to security holders as OID, in the manner described above for Interest Weighted Securities.

Possible Alternative Characterizations. The characterizations of the Stripped Securities described above are not the only possible interpretations of the applicable Code provisions. Among other possibilities, the IRS could contend that

- in certain series, each non-Interest Weighted Security is composed of an unstripped undivided ownership interest in loans and an installment obligation consisting of stripped principal payments;
- the non-Interest Weighted Securities are subject to the contingent payment provisions of the Contingent Regulations; or
- each Interest Weighted Stripped Security is composed of an unstripped undivided ownership interest in loans and an installment obligation consisting of stripped interest payments.

Given the variety of alternatives for treatment of the Stripped Securities and the different federal income tax consequences that result from each alternative, potential purchasers are urged to consult their tax advisers regarding the proper treatment of the securities for federal income tax purposes.

Character as Qualifying Loans. In the case of Stripped Securities, there is no specific legal authority existing regarding whether the character of the securities, for federal income tax purposes, will be the same as the loans. The IRS could take the position that the loans' character is not carried over to the securities in those circumstances. Pass-Through Securities will be, and, although the matter is not free from doubt, Stripped Securities should be considered to represent "real estate assets" within the meaning of Section 856(c)(5)(B) of the Code and "loans secured by an interest in real property" within the meaning of Section 7701(a)(19)(C)(v) of the Code; and

interest income attributable to the securities should be considered to represent “interest on obligations secured by mortgages on real property or on interests in real property” within the meaning of Section 856(c)(3)(B) of the Code. Reserves or funds underlying the securities may cause a proportionate reduction in the above-described qualifying status categories of securities.

Sale or Exchange

Subject to the discussion below with respect to trust funds for which a partnership election is made, a holder’s tax basis in its security is the price the holder pays for the security, plus amounts of original issue or market discount included in income and reduced by any payments received (other than qualified stated interest payments) and any amortized premium. Gain or loss recognized on a sale, exchange, or redemption of a security, measured by the difference between the amount realized and the security’s basis as so adjusted, will generally be capital gain or loss, assuming that the security is held as a capital asset. In the case of a security held by a bank, thrift, or similar institution described in Section 582 of the Code, however, gain or loss realized on the sale or exchange of a Regular Interest Security will be taxable as ordinary income or loss. In addition, gain from the disposition of a Regular Interest Security that might otherwise be capital gain will be treated as ordinary income to the extent of the excess, if any, of (i) the amount that would have been includible in the holder’s income if the yield on the Regular Interest Security had equaled 110% of the applicable federal rate as of the beginning of the holder’s holding period, over (ii) the amount of ordinary income actually recognized by the holder with respect to the Regular Interest Security.

Miscellaneous Tax Aspects

Backup Withholding. Subject to the discussion below with respect to trust funds for which a partnership election is made, a holder, other than a holder of a Residual Interest, may, under certain circumstances, be subject to “backup withholding” with respect to distributions or the proceeds of a sale of securities to or through brokers that represent interest or original issue discount on the securities. This withholding generally applies if the holder of a security

- fails to furnish the trustee with its taxpayer identification number (“TIN”);
- furnishes the trustee an incorrect TIN;
- fails to report properly interest, dividends or other “reportable payments” as defined in the Code; or
- under certain circumstances, fails to provide the trustee or the holder’s securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is its correct number and that the holder is not subject to backup withholding.

Backup withholding will not apply, however, with respect to certain payments made to holders, including payments to certain exempt recipients (such as exempt organizations) and to certain Nonresidents (as defined below). Holders are encouraged to consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining the exemption.

The trustee will report to the holders and to the servicer for each calendar year the amount of any “reportable payments” during the year and the amount of tax withheld, if any, with respect to payments on the securities.

New Reporting Regulations

In January 2006 the IRS and Treasury Department finalized new rules concerning the reporting of tax information with respect to “Widely Held Mortgage Trusts.” Under these new rules, the trustee may be compelled, or have an opportunity, to adopt new ways of calculating and reporting tax items (such as OID, market discount, sale proceeds and premium) to the holders of Pass-Through Securities, which changes may affect the timing of when a holder reports those items.

Tax Treatment of Foreign Investors

Subject to the discussion below with respect to trust funds for which a partnership election is made, under the Code, unless interest (including OID) paid on a security (other than a Residual Interest) is considered to be “effectively connected” with a trade or business conducted in the United States by a nonresident alien individual, foreign partnership or foreign corporation (“Nonresidents”), the interest will normally qualify as portfolio interest (except where the recipient is a holder, directly or by attribution, of 10% or more of the capital or profits interest in the issuer, or the recipient is a controlled foreign corporation to which the issuer is a related person) and will be exempt from federal income tax. Upon receipt of appropriate ownership statements, the issuer normally will be relieved of obligations to withhold tax from the interest payments. These provisions supersede the generally applicable provisions of United States law that would otherwise require the issuer to withhold at a 30% rate (unless the rate were reduced or eliminated by an applicable income tax treaty) on, among other things, interest and other fixed or determinable, annual or periodic income paid to Nonresidents.

Interest and OID of holders who are foreign persons are not subject to withholding if they are effectively connected with a United States business conducted by the holder provided the appropriate ownership statements are received. They will, however, generally be subject to the regular United States income tax.

Payments to holders of Residual Interests who are foreign persons will generally be treated as interest for purposes of the 30% (or lower treaty rate) United States withholding tax. Holders should assume that the income does not qualify for exemption from United States withholding tax as “portfolio interest.” It is clear that, to the extent that a payment represents a portion of REMIC taxable income that constitutes excess inclusion income, a holder of a Residual Interest will not be entitled to an exemption from or reduction of the 30% (or lower treaty rate) withholding tax rule. Until recently, excess inclusions allocated to a Nonresident were subject to United States withholding tax only when paid or distributed (or when the Residual Interest was disposed of). The Treasury, however, has exercised its statutory authority to promulgate regulations that require excess inclusions allocated to a Nonresident to be taken into account at an earlier time in order to prevent the avoidance of tax. These new regulations are discussed below. Under other REMIC Regulations, if a Residual Interest has tax avoidance potential, a transfer of a Residual Interest to a Nonresident will be disregarded for all federal tax purposes. A Residual Interest has tax avoidance potential unless, at the time of the transfer the transferor reasonably expects that the REMIC will distribute to the transferee of the Residual Interest amounts that will equal at least 30% of each excess inclusion, and that the amounts will be distributed at or after the time at which the excess inclusions accrue and not later than the calendar year following the calendar year of accrual. If a Nonresident transfers a Residual Interest to a United States person, and if the transfer has the effect of allowing the transferor to avoid tax on accrued excess inclusions, then the transfer is disregarded and the transferor continues to be treated as the owner of the Residual Interest for purposes of the withholding tax provisions of the Code. See “— Excess Inclusions.”

New Regulations Applicable to REMIC Residuals. Effective August 1, 2006, Temporary regulations have modified the general rule that excess inclusions from a REMIC residual interest are not includible in the income of a foreign person (or subject to withholding tax) until paid or distributed. The new regulations accelerate the time both for the reporting of and the tax withholding on excess inclusions allocated to the foreign equity holders of partnerships and certain other pass-through entities. The new rules also provide that excess inclusions are United States sourced income. The timing rules apply to a particular residual interest and a particular foreign person, if the first allocation of income from the residual interest to the foreign person occurs after July 31, 2006. The source rules apply for taxable years ending after August 1, 2006.

Treatment of Partners. Under the Temporary regulations, in the case of REMIC residual interests held by a foreign person through a partnership, the amount of excess inclusion income allocated to the foreign partner is deemed to be received by the foreign partner on the last day of the partnership’s taxable year except to the extent that the excess inclusion was required to be taken into account by the foreign partner at an earlier time under section 860G(b) as a result of a distribution by the partnership to the foreign partner or a disposition of the foreign partner’s indirect interest in the REMIC residual interest. A disposition in whole or in part of the foreign partner’s indirect interest in the REMIC residual interest may occur as a result of a termination of the REMIC, a disposition of the partnership’s residual interest in the REMIC, a disposition of the foreign partner’s interest in the partnership, or any other reduction in the foreign partner’s allocable share of the portion of the REMIC net income or deduction allocated to the partnership.

Treatment of Other Pass-Through Holders. Similarly, in the case of a residual interest held by a foreign person as a shareholder of a real estate investment trust or regulated investment company, as a participant in a common trust fund or as a patron in an organization subject to part I of subchapter T (cooperatives), the amount of excess inclusion allocated to the foreign person must be taken into income at the same time that other income from the trust, the company, the fund, or the organization would be taken into account.

Withholding Obligations. Under the Temporary regulations, excess inclusions allocated to a foreign person (whether as a partner or holder of an interest in a pass-through entity) are expressly made subject to withholding tax. In addition, in the case of excess inclusions allocable to a foreign person as a partner, the Temporary regulations eliminate an important exception to the withholding requirements. In general, under the eliminated exception, a withholding agent unrelated to a payee is obligated to withhold on a payment only to the extent that the withholding agent has control over the payee's money or property and knows the facts giving rise to the payment.

Tax Characterization of the Trust Fund as a Partnership

Tax Counsel will deliver its opinion that a trust fund for which a partnership election is made will not be a corporation or publicly traded partnership taxable as a corporation for federal income tax purposes. This opinion will be based on the assumption that the terms of the Trust Agreement and related documents will be complied with, and on counsel's conclusions that the nature of the income of the trust fund will exempt it from the rule that certain publicly traded partnerships are taxable as corporations or the issuance of the securities has been structured as a private placement under an IRS safe harbor, so that the trust fund will not be characterized as a publicly traded partnership taxable as a corporation.

If the trust fund were taxable as a corporation for federal income tax purposes, the trust fund would be subject to corporate income tax on its taxable income. The trust fund's taxable income would include all its income, possibly reduced by its interest expense on the notes. That corporate income tax could materially reduce cash available to make payments on the notes and distributions on the certificates, and certificateholders could be liable for that tax that is unpaid by the trust fund.

Tax Consequences to Holders of the Notes

Treatment of the Notes as Indebtedness. The trust fund will agree, and the noteholders will agree by their purchase of notes, to treat the notes as debt for federal income tax purposes. Unless otherwise specified in the related prospectus supplement, in the opinion of Tax Counsel, the notes will be classified as debt for federal income tax purposes. The discussion below assumes this characterization of the notes is correct.

OID, Indexed Securities, etc. The discussion below assumes that all payments on the notes are denominated in U.S. dollars, and that the notes are not Indexed securities or Strip notes. Moreover, the discussion assumes that the interest formula for the notes meets the requirements for "qualified stated interest" under the OID regulations, and that any OID on the notes (that is, any excess of the principal amount of the notes over their issue price) is less than a de minimis amount (that is, 0.25% of their principal amount multiplied by the number of full years included in their term), all within the meaning of the OID regulations. If these conditions are not satisfied with respect to any given series of notes, additional tax considerations with respect to the notes will be disclosed in the applicable prospectus supplement.

Interest Income on the Notes. Based on the above assumptions, except as discussed in the following paragraph, the notes will not be considered issued with OID. The stated interest thereon will be taxable to a noteholder as ordinary interest income when received or accrued in accordance with the noteholder's method of tax accounting. Under the OID regulations, a holder of a note issued with a de minimis amount of OID must include the OID in income, on a pro rata basis, as principal payments are made on the note. A purchaser who buys a note for more or less than its principal amount will generally be subject, respectively, to the premium amortization or market discount rules of the Code.

A holder of a note that has a fixed maturity date of not more than one year from the issue date of the note (a "Short-Term Note") may be subject to special rules. An accrual basis holder of a Short-Term Note (and certain cash

method holders, including regulated investment companies, as set forth in Section 1281 of the Code) generally would be required to report interest income as interest accrues on a straight-line basis over the term of each interest period. Other cash basis holders of a Short-Term Note would, in general, be required to report interest income as interest is paid (or, if earlier, upon the taxable disposition of the Short-Term Note). However, a cash basis holder of a Short-Term Note reporting interest income as it is paid may be required to defer a portion of any interest expense otherwise deductible on indebtedness incurred to purchase or carry the Short-Term Note until the taxable disposition of the Short-Term Note. A cash basis taxpayer may elect under Section 1281 of the Code to accrue interest income on all nongovernment debt obligations with a term of one year or less, in which case the taxpayer would include interest on the Short-Term Note in income as it accrues, but would not be subject to the interest expense deferral rule referred to in the preceding sentence. Certain special rules apply if a Short-Term Note is purchased for more or less than its principal amount.

Sale or Other Disposition. If a noteholder sells a note, the holder will recognize gain or loss in an amount equal to the difference between the amount realized on the sale and the holder's adjusted tax basis in the note. The adjusted tax basis of a note to a particular noteholder will equal the holder's cost for the note, increased by any market discount, acquisition discount, OID and gain previously included by the noteholder in income with respect to the note and decreased by the amount of bond premium (if any) previously amortized and by the amount of principal payments previously received by the noteholder with respect to the note. That gain or loss will be capital gain or loss if the note was held as a capital asset, except for gain representing accrued interest and accrued market discount not previously included in income. Capital losses generally may be used only to offset capital gains.

Foreign Holders. Interest payments made (or accrued) to a noteholder who is a nonresident alien, foreign corporation or other non-United States person (a "foreign person") generally will be considered "portfolio interest," and generally will not be subject to United States federal income tax and withholding tax, if the interest is not effectively connected with the conduct of a trade or business within the United States by the foreign person and the foreign person

- is not actually or constructively a "10 percent shareholder" of the trust fund or the seller (including a holder of 10% of the outstanding securities) or a "controlled foreign corporation" with respect to which the trust fund or the seller is a "related person" within the meaning of the Code and
- provides the owner trustee or other person who is otherwise required to withhold U.S. tax with respect to the notes (the "Withholding Agent") with an appropriate statement, signed under penalties of perjury, certifying that the beneficial owner of the note is an individual or corporation for federal income tax purposes and a foreign person and providing the foreign person's name and address.

Generally, this statement is made on an IRS Form W-8BEN ("W-8BEN"), which is effective for the remainder of the year of signature plus three full calendar years unless a change in circumstances makes any information on the form incorrect. Notwithstanding the preceding sentence, a W-8BEN with a U.S. taxpayer identification number will remain effective until a change in circumstances makes any information on the form incorrect, provided that the Withholding Agent reports at least one payment annually to the beneficial owner on IRS Form 1042-S. The beneficial owner must inform the Withholding Agent within 30 days of any change and furnish a new W-8BEN. A noteholder who is not an individual or corporation (or an entity treated as a corporation for federal income tax purposes) holding the Notes on its own behalf may have substantially increased reporting requirements. In particular, in the case of notes held by a foreign partnership (or foreign trust), the partners (or beneficiaries) rather than the partnership (or trust) will be required to provide the certification discussed above, and the partnership (or trust) will be required to provide certain additional information.

If a note is held through a securities clearing organization or certain other financial institutions, the organization or institution may provide the relevant signed statement to the withholding agent; in that case, however, the signed statement must be accompanied by a Form W-8BEN or substitute form provided by the foreign person that owns the note. If the interest is not portfolio interest, then it will be subject to United States federal income and withholding tax at a rate of 30 percent, unless reduced or eliminated pursuant to an applicable income tax treaty.

Any capital gain realized on the sale, redemption, retirement or other taxable disposition of a note by a foreign person will be exempt from United States federal income and withholding tax, provided that the gain is not effectively connected with the conduct of a trade or business in the United States by the foreign person and in the case of an individual foreign person, the foreign person is not present in the United States for 183 days or more in the taxable year.

Backup Withholding. Each holder of a note (other than an exempt holder such as a corporation, tax-exempt organization, qualified pension and profit-sharing trust, individual retirement account or nonresident alien who provides certification as to status as a nonresident) will be required to provide, under penalties of perjury, a certificate containing the holder's name, address, correct federal taxpayer identification number and a statement that the holder is not subject to backup withholding. Should a nonexempt noteholder fail to provide the required certification, the trust fund will be required to withhold on the amount otherwise payable to the holder, and remit the withheld amount to the IRS as a credit against the holder's federal income tax liability.

Possible Alternative Treatments of the Notes. If, contrary to the opinion of Tax Counsel, the IRS successfully asserted that one or more of the notes did not represent debt for federal income tax purposes, the notes might be treated as equity interests in the trust fund. If so treated, the trust fund might be taxable as a corporation with the adverse consequences described above (and the taxable corporation would not be able to reduce its taxable income by deductions for interest expense on notes recharacterized as equity). Alternatively, and most likely in the view of special counsel to the depositor, the trust fund might be treated as a publicly traded partnership that would not be taxable as a corporation because it would meet certain qualifying income tests. Nonetheless, treatment of the notes as equity interests in that publicly traded partnership could have adverse tax consequences to certain holders. For example, income to certain tax-exempt entities (including pension funds) would be "unrelated business taxable income," and income to foreign holders generally would be subject to U.S. tax and U.S. tax return filing and withholding requirements, and individual holders might be subject to certain limitations on their ability to deduct their share of the trust fund's expenses.

Tax Consequences to Holders of the Certificates

Treatment of the Trust Fund as a Partnership. The trust fund and the master servicer will agree, and the certificateholders will agree by their purchase of certificates, to treat the trust fund as a partnership for purposes of federal and state income tax, franchise tax and any other tax measured in whole or in part by income, with the assets of the partnership being the assets held by the trust fund, the partners of the partnership being the certificateholders, and the notes being debt of the partnership. However, the proper characterization of the arrangement involving the trust fund, the certificates, the notes, the trust fund and the servicer is not clear because there is no authority on transactions closely comparable to that contemplated herein.

A variety of alternative characterizations are possible. For example, because the certificates have certain features characteristic of debt, the certificates might be considered debt of the trust fund. That characterization would not result in materially adverse tax consequences to certificateholders as compared to the consequences from treatment of the certificates as equity in a partnership, described below. The following discussion assumes that the certificates represent equity interests in a partnership.

Indexed Securities, etc. The following discussion assumes that all payments on the certificates are denominated in U.S. dollars, none of the certificates are Indexed securities or Strip certificates, and that a series of securities includes a single class of certificates. If these conditions are not satisfied with respect to any given series of certificates, additional tax considerations with respect to the certificates will be disclosed in the applicable prospectus supplement.

Partnership Taxation. As a partnership, the trust fund will not be subject to federal income tax. Rather, each certificateholder will be required to separately take into account the holder's distributive share of income, gains, losses, deductions and credits of the trust fund. The trust fund's income will consist primarily of interest and finance charges earned on the loans (including appropriate adjustments for market discount, OID and bond premium) and any gain upon collection or disposition of loans. The trust fund's deductions will consist primarily of interest accruing with respect to the notes, servicing and other fees, and losses or deductions upon collection or disposition of loans.

The tax items of a partnership are allocable to the partners in accordance with the Code, Treasury regulations and the partnership agreement (here, the Trust Agreement and related documents). The Trust Agreement will provide, in general, that the certificateholders will be allocated taxable income of the trust fund for each month equal to the sum of (i) the interest that accrues on the certificates in accordance with their terms for that month, including interest accruing at the Pass-Through Rate for the month and interest on amounts previously due on the certificates but not yet distributed; (ii) any trust fund income attributable to discount on the Loans that corresponds to any excess of the principal amount of the certificates over their initial issue price; (iii) prepayment premium payable to the certificateholders for the month; and (iv) any other amounts of income payable to the certificateholders for the month. That allocation will be reduced by any amortization by the trust fund of premium on loans that corresponds to any excess of the issue price of certificates over their principal amount. All remaining taxable income of the trust fund will be allocated to the depositor. Based on the economic arrangement of the parties, this approach for allocating trust fund income should be permissible under applicable Treasury regulations, although we can give no assurance that the IRS would not require a greater amount of income to be allocated to certificateholders. Moreover, even under the foregoing method of allocation, certificateholders may be allocated income equal to the entire Pass-Through Rate plus the other items described above even though the trust fund might not have sufficient cash to make current cash distributions of that amount. Thus, cash basis holders will in effect be required to report income from the certificates on the accrual basis and certificateholders may become liable for taxes on trust fund income even if they have not received cash from the trust fund to pay those taxes. In addition, because tax allocations and tax reporting will be done on a uniform basis for all certificateholders but certificateholders may be purchasing certificates at different times and at different prices, certificateholders may be required to report on their tax returns taxable income that is greater or less than the amount reported to them by the trust fund.

All of the taxable income allocated to a certificateholder that is a pension, profit sharing or employee benefit plan or other tax-exempt entity (including an individual retirement account) will constitute "unrelated business taxable income" generally taxable to that holder under the Code.

An individual taxpayer's share of expenses of the trust fund (including fees to the servicer but not interest expense) would be miscellaneous itemized deductions. Those deductions might be disallowed to the individual in whole or in part and might result in the holder being taxed on an amount of income that exceeds the amount of cash actually distributed to the holder over the life of the trust fund.

The trust fund intends to make all tax calculations relating to income and allocations to certificateholders on an aggregate basis. If the IRS were to require that those calculations be made separately for each loan, the trust fund might be required to incur additional expense but it is believed that there would not be a material adverse effect on certificateholders.

Discount and Premium. If the loans are not issued with OID, then the trust fund should not have OID income. However, the purchase price paid by the trust fund for the loans may be greater or less than the remaining principal balance of the loans at the time of purchase. If so, the loan will have been acquired at a premium or discount, as the case may be. (As indicated above, the trust fund will make this calculation on an aggregate basis, but might be required to recompute it on a loan by loan basis.)

If the trust fund acquires the loans at a market discount or premium, the trust fund will elect to include that discount in income currently as it accrues over the life of the loans or to offset that premium against interest income on the loans. As indicated above, a portion of the market discount income or premium deduction may be allocated to certificateholders.

Section 708 Termination. Pursuant to Code Section 708, a sale or exchange of 50% or more of the capital and profits in a partnership would cause a deemed contribution of assets of the partnership (the "old partnership") to a new partnership (the "new partnership") in exchange for interests in the new partnership. Those interests would be deemed distributed to the partners of the old partnership in liquidation thereof, which would not constitute a sale or exchange. Accordingly, if the trust fund were characterized as a partnership, then even if a sale of certificates terminated the partnership under Code Section 708, the holder's basis in its certificates would remain the same.

Disposition of Certificates. Generally, capital gain or loss will be recognized on a sale of certificates in an amount equal to the difference between the amount realized and the seller's tax basis in the certificates sold. A certificateholder's tax basis in a certificate will generally equal the holder's cost increased by the holder's share of trust fund income (includible in income) and decreased by any distributions received with respect to that certificate. In addition, both the tax basis in the certificates and the amount realized on a sale of a certificate would include the holder's share of the notes and other liabilities of the trust fund. A holder acquiring certificates at different prices may be required to maintain a single aggregate adjusted tax basis in the certificates, and, upon sale or other disposition of some of the certificates, allocate a portion of that aggregate tax basis to the certificates sold (rather than maintaining a separate tax basis in each certificate for purposes of computing gain or loss on a sale of that certificate).

Any gain on the sale of a certificate attributable to the holder's share of unrecognized accrued market discount on the loans would generally be treated as ordinary income to the holder and would give rise to special tax reporting requirements. The trust fund does not expect to have any other assets that would give rise to those special reporting requirements. Thus, to avoid those special reporting requirements, the trust fund will elect to include market discount in income as it accrues.

If a certificateholder is required to recognize an aggregate amount of income (not including income attributable to disallowed itemized deductions described above) over the life of the certificates that exceeds the aggregate cash distributions with respect thereto, that excess will generally give rise to a capital loss upon the retirement of the certificates.

Allocations Among Transferors and Transferees. In general, the trust fund's taxable income and losses will be determined monthly and the tax items for a particular calendar month will be apportioned among the certificateholders in proportion to the principal amount of certificates owned by them as of the close of the last day of that month. As a result, a holder purchasing certificates may be allocated tax items (which will affect its tax liability and tax basis) attributable to periods before the actual transaction.

The use of a monthly convention may not be permitted by existing regulations. If a monthly convention is not allowed (or only applies to transfers of less than all of the partner's interest), taxable income or losses of the trust fund might be reallocated among the certificateholders. The trust fund's method of allocation between transferors and transferees may be revised to conform to a method permitted by future regulations.

Section 754 Election. In the event that a certificateholder sells its certificates at a profit (loss), the purchasing certificateholder will have a higher (lower) basis in the certificates than the selling certificateholder had. The tax basis of the trust fund's assets will not be adjusted to reflect that higher (or lower) basis unless the trust fund were to file an election under Section 754 of the Code. In order to avoid the administrative complexities that would be involved in keeping accurate accounting records, as well as potentially onerous information reporting requirements, the trust fund will not make that election. As a result, certificateholders might be allocated a greater or lesser amount of trust fund income than would be appropriate based on their own purchase price for certificates.

Administrative Matters. The owner trustee is required to keep or have kept complete and accurate books of the trust fund. Those books will be maintained for financial reporting and tax purposes on an accrual basis and the fiscal year of the trust fund will be the calendar year. The trustee will file a partnership information return (IRS Form 1065) with the IRS for each taxable year of the trust fund and will report each certificateholder's allocable share of items of trust fund income and expense to holders and the IRS on Schedule K-1. The trust fund will provide the Schedule K-1 information to nominees that fail to provide the trust fund with the information statement described below and those nominees will be required to forward that information to the beneficial owners of the certificates. Generally, holders must file tax returns that are consistent with the information return filed by the trust fund or be subject to penalties unless the holder notifies the IRS of all those inconsistencies.

Under Section 6031 of the Code, any person that holds certificates as a nominee at any time during a calendar year is required to furnish the trust fund with a statement containing certain information on the nominee, the beneficial owners and the certificates so held. That information includes (i) the name, address and taxpayer identification number of the nominee and (ii) as to each beneficial owner (x) the name, address and identification number of the person, (y) whether the person is a United States person, a tax-exempt entity or a foreign government,

an international organization, or any wholly owned agency or instrumentality of either of the foregoing, and (z) certain information on certificates that were held, bought or sold on behalf of the person throughout the year. In addition, brokers and financial institutions that hold certificates through a nominee are required to furnish directly to the trust fund information as to themselves and their ownership of certificates. A clearing agency registered under Section 17A of the Securities Exchange Act of 1934, as amended is not required to furnish that information statement to the trust fund. The information referred to above for any calendar year must be furnished to the trust fund on or before the following January 31. Nominees, brokers and financial institutions that fail to provide the trust fund with the information described above may be subject to penalties.

The depositor will be designated as the tax matters partner in the related Trust Agreement and, as such, will be responsible for representing the certificateholders in any dispute with the IRS. The Code provides for administrative examination of a partnership as if the partnership were a separate and distinct taxpayer. Generally, the statute of limitations for partnership items does not expire before three years after the date on which the partnership information return is filed. Any adverse determination following an audit of the return of the trust fund by the appropriate taxing authorities could result in an adjustment of the returns of the certificateholders, and, under certain circumstances, a certificateholder may be precluded from separately litigating a proposed adjustment to the items of the trust fund. An adjustment could also result in an audit of a certificateholder's returns and adjustments of items not related to the income and losses of the trust fund.

Tax Consequences to Foreign Certificateholders. It is not clear whether the trust fund would be considered to be engaged in a trade or business in the United States for purposes of federal withholding taxes with respect to non-U.S. Persons because there is no clear authority dealing with that issue under facts substantially similar to those described herein. Although it is not expected that the trust fund would be engaged in a trade or business in the United States for those purposes, the trust fund will withhold as if it were so engaged in order to protect the trust fund from possible adverse consequences of a failure to withhold. The trust fund expects to withhold on the portion of its taxable income, as calculated for this purpose which may exceed the distributions to certificateholders, that is allocable to foreign certificateholders pursuant to Section 1446 of the Code, as if the income were effectively connected to a U.S. trade or business. Subsequent adoption of Treasury regulations or the issuance of other administrative pronouncements may require the trust fund to change its withholding procedures. In determining a holder's withholding status, the trust fund may rely on IRS Form W-8BEN, IRS Form W-9 or the holder's certification of nonforeign status signed under penalties of perjury. A holder who is not an individual or corporation (or an entity treated as a corporation for federal income tax purposes) holding the Notes on its own behalf may have substantially increased reporting requirements. In particular, if the holder is a foreign partnership (or foreign trust), the partners (or beneficiaries) rather than the partnership (or trust) will be required to provide the certification discussed above, and the partnership (or trust) will be required to provide certain additional information.

Each foreign holder might be required to file a U.S. individual or corporate income tax return (including, in the case of a corporation, the branch profits tax) on its share of the trust fund's income. Each foreign holder must obtain a taxpayer identification number from the IRS and submit that number in order to assure appropriate crediting of the taxes withheld. A foreign holder generally would be entitled to file with the IRS a claim for refund with respect to taxes withheld by the trust fund taking the position that no taxes were due because the trust fund was not engaged in a U.S. trade or business. However, interest payments made (or accrued) to a certificateholder who is a foreign person generally will be considered guaranteed payments to the extent the payments are determined without regard to the income of the trust fund. If these interest payments are properly characterized as guaranteed payments, then the interest will not be considered "portfolio interest." As a result, certificateholders will be subject to United States federal income tax and withholding tax at a rate of 30 percent, unless reduced or eliminated pursuant to an applicable treaty. In that case, a foreign holder would only be entitled to claim a refund for that portion of the taxes in excess of the taxes that should be withheld with respect to the guaranteed payments.

Backup Withholding. Distributions made on the certificates and proceeds from the sale of the certificates will be subject to a "backup" withholding tax if, in general, the certificateholder fails to comply with certain identification procedures, unless the holder is an exempt recipient under applicable provisions of the Code.

Taxation of Classes of Exchangeable Securities

General. For United States federal income tax purposes, the arrangement established to hold the depositable securities will be classified as a trust (the “ES Trust”) and the holders of the exchangeable securities will be treated as owning under Section 671 of the Code the interests in the depositable securities that underly their exchangeable securities.

If the interests in the depositable securities underlying an exchangeable security can be traded separately before deposit to, and after withdrawal from, the ES Trust, then the interests in each depositable security underlying the exchangeable security will be accounted for separately and will have the same consequences to the holder of the exchangeable security as if such interests in the underlying, depositable security were held outside the ES Trust as described earlier. Except as discussed below under “—Alternative Tax Consequences,” the remaining discussion is based on the assumption that each interest in a depositable security underlying an exchangeable security can otherwise be separately traded before deposit to, and after withdrawal from, the ES Trust.

Acquisition and Disposition. No gain or loss will be realized upon depositing in the ES Trust the depositable securities underlying an exchangeable security. Regardless of the value of the exchangeable security, at the time of deposit, each underlying depositable security will have the same basis as it did immediately before the deposit (that is, each depositable security will have a separate basis for federal income tax purposes, based on its acquisition cost, adjusted as necessary for accruals of discount and premium and payments on the depositable security). If more than one underlying depositable security is acquired at the same time (including by acquiring an exchangeable security), then the initial cost of the depositable securities must be determined by apportioning the aggregate cost for the depositable securities (or the cost of the exchangeable security) among the individual depositable securities based on their relative fair market values on the acquisition date.

No gain or loss will be realized upon withdrawing the depositable securities underlying an exchangeable security from the ES Trust. Regardless of the value of the exchangeable security at the time of withdrawal, each depositable security will have the same separate basis as it did immediately before the withdrawal. If more than one underlying depositable security is disposed of at the same time (including by disposing of an exchangeable security) such as through sale or exchange, then the amount realized from the sale or exchange of each depositable security will be determined by apportioning the aggregate sales proceeds from the depositable securities (or the sales proceeds from the exchangeable security) among the individual depositable securities based on their relative fair market values on the disposition date.

Alternative Tax Consequences. If an exchangeable security represents an interest in an underlying depositable security of a type that cannot be separately traded before the underlying depositable security is deposited to, or after it is withdrawn from, the ES Trust and if such interest represents disproportionate ownership of the principal and interest payable on the underlying depositable security, then the exchangeable security may be subject to special income tax consequences. Specifically, if the depositor of the underlying depositable security separately disposes of such exchangeable security, then the depositor will be stripping the underlying “bond.” In that case, the sale of the exchangeable security and its treatment in the hands of the new holder will be governed by Section 1286 of the Code. In general, the exchangeable security will be treated as representing beneficial ownership of a newly issued discount bond. If an exchangeable security is subject to treatment as a “stripped bond” or “stripped coupon” under Section 1286 of the Code, then the consequences will also be discussed in the prospectus supplement. Investors are encouraged to consult their tax advisors regarding the consequences of stripping a bond and owning a stripped bond or stripped coupon.

Other Tax Considerations

In addition to the federal income tax consequences described in “Federal Income Tax Consequences,” potential investors should consider the state, local and foreign tax consequences of the acquisition, ownership, and disposition of the securities. State and local tax law may differ substantially from the corresponding federal law, and this discussion does not purport to describe any aspect of the tax laws of any state or locality. Therefore, potential investors are encouraged to consult their own tax advisors with respect to the various state, local and foreign tax consequences of an investment in the securities.

ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and Section 4975 of the Code impose requirements on employee benefit plans (and on certain other retirement plans and arrangements, including individual retirement accounts and annuities and Keogh plans as well as collective investment funds and separate accounts in which those plans, accounts or arrangements are invested) (collectively, "Plans") subject to ERISA or to Section 4975 of the Code and on persons who bear specified relationships to Plans ("Parties in Interest") or are fiduciaries with respect to those Plans. Generally, ERISA applies to investments made by Plans. Among other things, ERISA requires that the assets of Plans be held in trust and that the trustee, or other duly authorized fiduciary, have exclusive authority and discretion to manage and control the assets of Plans. ERISA also imposes certain duties on persons who are fiduciaries of Plans. Under ERISA, any person who exercises any authority or control respecting the management or disposition of the assets of a Plan is considered to be a fiduciary of the Plan (subject to certain exceptions not here relevant). Certain employee benefit plans, such as governmental plans (as defined in ERISA Section 3(32)) and, if no election has been made under Section 410(d) of the Code, church plans (as defined in ERISA Section 3(33)), are not subject to requirements imposed by ERISA and Section 4975 of the Code. Accordingly, assets of those plans may be invested in securities without regard to the considerations described above and below, subject to the provisions of other applicable law. Any plan which is qualified and exempt from taxation under Code Sections 401(a) and 501(a) is subject to the prohibited transaction rules set forth in Code Section 503.

On November 13, 1986, the United States Department of Labor (the "DOL") issued final regulations concerning the definition of what constitutes the assets of a Plan. (Labor Reg. Section 2510.3-101 (the "Plan Assets Regulation")). Under this regulation, the underlying assets and properties of corporations, partnerships and certain other entities in which a Plan makes an "equity" investment could be deemed for purposes of ERISA to be assets of the investing Plan in certain circumstances. Under the Plan Assets Regulation, the term "equity interest" is defined as any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and has no "substantial equity features." If securities are not treated as equity interests in the issuer for purposes of the Plan Assets Regulation, a Plan's investment in the securities would not cause the assets of the issuer to be deemed plan assets. If the securities are deemed to be equity interests in the issuer, the issuer could be considered to hold plan assets because of a Plan's investment in those securities. In that event, the master servicer and other persons exercising management or discretionary control over the assets of the issuer or providing services with respect to those assets could be deemed to be fiduciaries or other parties in interest with respect to investing Plans and thus subject to the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code and, in the case of fiduciaries, to the fiduciary responsibility provisions of Title I of ERISA, with respect to transactions involving the issuer's assets. Trust certificates are "equity interests" for purposes of the Plan Asset Regulation.

In addition to the imposition of general fiduciary standards of investment prudence and diversification, ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of a Plan and persons ("Parties in Interest") having certain specified relationships to a Plan and impose additional prohibitions where Parties in Interest are fiduciaries with respect to that Plan. Because the loans may be deemed assets of each Plan that purchases equity securities, an investment in equity securities by a Plan might be a prohibited transaction under ERISA Sections 406 and 407 and subject to an excise tax under Code Section 4975 unless a statutory, regulatory or administrative exemption applies.

Without regard to whether securities are considered to be equity interest in the issuer, certain affiliates of the issuer might be considered or might become Parties in Interest with respect to a Plan. In this case, the acquisition or holding of the securities by or on behalf of the Plan could constitute or give rise to a prohibited transaction, within the meaning of ERISA and Section 4975 of the Code, unless they were subject to one or more exemptions. Depending on the relevant facts and circumstances, certain prohibited transaction exemptions may apply to the purchase or holding of the securities — for example, Prohibited Transaction Class Exemption ("PTCE") 96-23, which exempts certain transactions effected on behalf of a Plan by an "in-house asset manager"; PTCE 95-60, which exempts certain transactions by insurance company general accounts; PTCE 91-38, which exempts certain transactions by bank collective investment funds; PTCE 90-1, which exempts certain transactions by insurance company pooled separate accounts; or PTCE 84-14, which exempts certain transactions effected on behalf of a Plan by a "qualified professional asset manager". We can give no assurance that any of these exemptions will apply with respect to any Plan's investment in securities, or that such an exemption, if it did apply, would apply to all

prohibited transactions that may occur in connection with the investment. Furthermore, these exemptions generally do not expressly address transactions incidental to the operation of the trust. You should consult with your advisors regarding the specific scope, terms and conditions of an exemption as it applies to you, as an investor, before relying on that exemption's availability.

The DOL has granted to certain underwriters individual administrative exemptions (the "Underwriter Exemptions") from certain of the prohibited transaction rules of ERISA and the related excise tax provisions of Section 4975 of the Code with respect to the initial purchase, the holding and the subsequent resale by Plans of securities, including certificates, underwritten or privately placed by that underwriter or its affiliate or by a syndicate managed by that underwriter or its affiliate and issued by entities that hold investment pools consisting of certain secured receivables, loans and other obligations and the servicing, operation and management of the investment pools, provided the conditions and requirements of the Underwriter Exemptions are met. The Underwriter Exemptions also permits the entity to hold an interest-rate swap or yield supplement agreement if it meets requirements set forth in the Underwriter Exemptions.

The entity may hold an interest-rate swap (a "swap" or "swap agreement") if the swap: (a) is an "eligible swap"; (b) is with a bank or other financial institution that meets certain rating requirements (an "eligible counterparty"); (c) meets certain additional specific conditions concerning the consequences if the rating of the counterparty is reduced or withdrawn, which conditions depend on whether the ratings of the securities to which the swap applies are dependent on the swap and (d) permits the trust to make termination payments to the swap counterparty (other than currently scheduled payments) solely from excess spread or amounts otherwise payable to the servicer, depositor or seller. Any class of securities to which one or more swap agreements applies may be acquired and held in reliance upon the Underwriter Exemptions only by a "qualified plan investor."

An "eligible swap" is one which: (a) is denominated in U.S. dollars; (b) pursuant to which the trust pays or receives, on or immediately prior to the respective payment or distribution date for the class of securities to which the swap relates, a fixed rate of interest or a floating rate of interest based on a publicly available index (e.g., LIBOR or the U.S. Federal Reserve's Cost of Funds Index (COFI)), with the trust receiving such payments on at least a quarterly basis and obligated to make separate payments no more frequently than the counterparty, with all simultaneous payments being netted ("allowable interest rate"); (c) has a notional amount that does not exceed either: (i) the Class Security Balance of the class of securities to which the swap relates, or (ii) the portion of the Class Security Balance of such class represented by obligations ("allowable notional amount"); (d) is not "leveraged" (i.e., payments are based on the applicable notional amount, the day count fractions, the fixed or floating rates permitted above, and the difference between the products thereof, calculated on a one-to-one ratio and not on a multiplier of such difference); (e) has a final termination date that is either the earlier of the date on which the issuer terminates or the related class of securities are fully repaid and (f) does not incorporate any provision which could cause a unilateral alteration in the requirements described in (a) through (d) above.

A "qualified plan investor" is a plan for which the decision to buy such class of securities is made by an independent fiduciary that is qualified to understand the swap transaction and the effect the swap would have on the rating of the securities and that (a) is a "qualified professional asset manager" ("QPAM") under PTCE 84-14, (b) is an "in-house asset manager" under PTCE 96-23 or (c) has total assets (both plan and non-plan) under management of at least \$100 million at the time the securities are acquired by the plan.

The entity may hold a yield supplement agreement if it satisfies the conditions of an "eligible yield supplement agreement." Generally, any yield supplement agreement will be an eligible yield supplement agreement, provided that if such yield supplement agreement is an interest rate cap contract, a corridor contract or similar arrangement with a notional principal amount and is purchased by or on behalf of the trust to supplement the interest rates otherwise payable on obligations held by the trust fund, then such yield supplement agreement will be an eligible yield supplement agreement only if it meets the following conditions: (a) it is denominated in U.S. dollars; (b) it pays an allowable interest rate; (c) it is not leveraged; (d) it does not allow any of these three preceding requirements to be unilaterally altered without the consent of the trustee; (e) it is entered into between the trust and an eligible counterparty and (f) it has an allowable notional amount.

While each Underwriter Exemption is an individual exemption separately granted to a specific underwriter, the terms and conditions which generally apply to the Underwriter Exemptions are substantially identical, and include the following:

(1) the acquisition of the securities by a Plan is on terms (including the price for the securities) that are at least as favorable to the Plan as they would be in an arm's-length transaction with an unrelated party;

(2) the securities acquired by the Plan have received a rating at the time of the acquisition that is one of the four highest generic rating categories from Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P"), Moody's Investors Service, Inc. ("Moody's"), or Fitch Ratings, Inc. ("Fitch") (each, a "Rating Agency");

(3) the trustee is not an affiliate of any other member of the Restricted Group, as defined below (other than an underwriter);

(4) the sum of all payments made to and retained by the underwriters in connection with the distribution of the securities represents not more than reasonable compensation for underwriting the securities; the sum of all payments made to and retained by the seller pursuant to the assignment of the loans to the issuer represents not more than the fair market value of the loans; the sum of all payments made to and retained by the servicer and any sub-servicer represents not more than reasonable compensation for the person's services under the agreement pursuant to which the loans are pooled and reimbursements of the person's reasonable expenses in connection therewith; and

(5) the Plan investing in the certificates is an "accredited investor" as defined in Rule 501(a)(1) of Regulation D of the SEC under the Securities Act.

The issuer must also meet the following requirements:

(i) the corpus of the issuer must consist solely of assets of the type that have been included in other investment pools;

(ii) securities in those other investment pools must have been rated in one of the four highest rating categories of S&P, Moody's, or Fitch for at least one year prior to the Plan's acquisition of securities; and

(iii) securities evidencing interests in those other investment pools must have been purchased by investors other than Plans for at least one year prior to any Plan's acquisition of securities.

Moreover, the Underwriter Exemptions generally provide relief from certain self-dealing/conflict of interest prohibited transactions that may occur when a Plan fiduciary causes a Plan to acquire securities of an issuer holding receivables as to which the fiduciary (or its affiliate) is an obligor, provided that, among other requirements:

- in the case of an acquisition in connection with the initial issuance of certificates, at least fifty percent (50%) of each class of certificates in which Plans have invested, and at least fifty percent (50%) of aggregate interests in the issuer are acquired by persons independent of the Restricted Group;
- the fiduciary (or its affiliate) is an obligor with respect to not more than five percent (5%) of the fair market value of the obligations contained in the investment pool;
- the Plan's investment in securities of any class does not exceed twenty-five percent (25%) of all of the securities of that class outstanding at the time of the acquisition;

- immediately after the acquisition, no more than twenty-five percent (25%) of the assets of any Plan with respect to which the person is a fiduciary is invested in securities representing an interest in one or more issuers containing assets sold or serviced by the same entity; and
- the Plan is not sponsored by a member of the Restricted Group, as defined below.

The Underwriter Exemptions provide only limited relief to Plans sponsored by the seller, an underwriter, the trustee, the master servicer, any provider of credit support to the trust, any counterparty to a swap contained in the trust, any obligor with respect to loans included in the investment pool constituting more than five percent (5%) of the aggregate unamortized principal balance of the assets in the trust fund, or any affiliate of those parties (the "Restricted Group").

The Underwriter Exemptions provide exemptive relief to certain mortgage-backed and asset-backed securities transactions using pre-funding accounts. Mortgage loans or other secured receivables (the "obligations") supporting payments to securityholders, and having a value equal to no more than twenty-five percent (25%) of the total principal amount of the securities being offered by the issuer, may be transferred to the issuer within a 90-day or three-month period following the closing date, instead of being required to be either identified or transferred on or before the closing date. The relief is available when the prefunding account satisfies certain conditions.

The rating of a security may change. If a class of securities no longer has a required rating from at least one Rating Agency, the security will no longer be eligible for relief under the Underwriter Exemption (although a Plan that had purchased the security when it had a permitted rating would not be required by the Underwriter Exemption to dispose of it.) A certificate that satisfies the requirements of the Underwriter Exemptions other than the rating requirement may be eligible for purchase by an insurance company investing assets of its general account that include plan assets when the requirements of Sections I and III of Prohibited Transaction Class Exemption 95-60 are met.

The prospectus supplement for each series of securities will indicate the classes of securities, if any, offered thereby as to which it is expected that an Underwriter Exemption will apply.

Any Plan fiduciary which proposes to cause a Plan to purchase securities are encouraged to consult with its counsel concerning the impact of ERISA and the Code, the applicability of the Underwriter Exemptions, the effect of the Plan Assets Regulation, and the potential consequences in their specific circumstances, prior to making that investment. Moreover, each Plan fiduciary should determine whether under the general fiduciary standards of investment prudence and diversification an investment in the securities is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio.

The sale of certificates to a Plan is in no respect a representation by the issuer or any underwriter of the Certificates that this investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that this investment is appropriate for Plans generally or any particular Plan.

Legal Investment

The prospectus supplement for each series of securities will specify which, if any, of the classes of securities offered thereby constitute "mortgage related securities" for purposes of the Secondary Mortgage Market Enhancement Act of 1984 ("SMMEA"). Classes of securities that qualify as "mortgage related securities" will be legal investments for persons, trusts, corporations, partnerships, associations, business trusts, and business entities (including depository institutions, life insurance companies and pension funds) created pursuant to or existing under the laws of the United States or of any state (including the District of Columbia and Puerto Rico) whose authorized investments are subject to state regulations to the same extent as, under applicable law, obligations issued by or guaranteed as to principal and interest by the United States or those entities. Under SMMEA, if a state enacts legislation prior to October 4, 1991 specifically limiting the legal investment authority of those entities with respect to "mortgage related securities", securities will constitute legal investments for entities subject to the legislation only to the extent provided therein. Approximately twenty-one states adopted the legislation prior to the October 4, 1991 deadline. SMMEA provides, however, that in no event will the enactment of that legislation affect the validity of

any contractual commitment to purchase, hold or invest in securities, or require the sale or other disposition of securities, so long as the contractual commitment was made or the securities were acquired prior to the enactment of the legislation.

* SMMEA also amended the legal investment authority of federally-chartered depository institutions as follows: federal savings and loan associations and federal savings banks may invest in, sell or otherwise deal in securities without limitations as to the percentage of their assets represented thereby, federal credit unions may invest in mortgage related securities, and national banks may purchase securities for their own account without regard to the limitations generally applicable to investment securities set forth in 12 U.S.C. 24 (Seventh), subject in each case to that regulations that the applicable federal authority may prescribe. In this connection, federal credit unions should review the National Credit Union Administration ("NCUA") Letter to Credit Unions No. 96, as modified by Letter to Credit Unions No. 108, which includes guidelines to assist federal credit unions in making investment decisions for mortgage related securities and the NCUA's regulation "Investment and Deposit Activities" (12 C.F.R. Part 703), which sets forth certain restrictions on investment by federal credit unions in mortgage related securities (in each case whether or not the class of securities under consideration for purchase constituted a "mortgage related security"). The NCUA issued final regulations effective December 2, 1991 that restrict and in some instances prohibit the investment by Federal Credit Unions in certain types of mortgage related securities.

All depository institutions considering an investment in the securities (whether or not the class of securities under consideration for purchase constitutes a "mortgage related security") should review the Federal Financial Institutions Examination Council's Supervisory Policy Statement on the Securities Activities (to the extent adopted by their respective regulators) (the "Policy Statement") setting forth, in relevant part, certain securities trading and sales practices deemed unsuitable for an institution's investment portfolio, and guidelines for (and restrictions on) investing in mortgage derivative products, including "mortgage related securities", which are "high-risk mortgage securities" as defined in the Policy Statement. According to the Policy Statement, those "high-risk mortgage securities" include securities not entitled to distributions allocated to principal or interest, or Subordinate Securities. Under the Policy Statement, it is the responsibility of each depository institution to determine, prior to purchase (and at stated intervals thereafter), whether a particular mortgage derivative product is a "high-risk mortgage security", and whether the purchase (or retention) of that product would be consistent with the Policy Statement.

The foregoing does not take into consideration the applicability of statutes, rules, regulations, orders guidelines or agreements generally governing investments made by a particular investor, including, but not limited to "prudent investor" provisions, percentage-of-assets limits and provisions which may restrict or prohibit investment in securities which are not "interest bearing" or "income paying," or in securities which are issued in book-entry form.

There may be other restrictions on the ability of certain investors, including depository institutions, either to purchase securities or to purchase securities representing more than a specified percentage of the investor's assets. Investors are encouraged to consult their own legal advisors in determining whether and to what extent the securities constitute legal investments for those investors.

Method of Distribution

Securities are being offered hereby in series from time to time (each series evidencing or relating to a separate trust fund) through any of the following methods:

- by negotiated firm commitment or best efforts underwriting and public reoffering by underwriters, including in a securitization of any securities of any series by the depositor or any of its affiliates;
- by agency placements through one or more placement agents primarily with institutional investors and dealers; and
- by placement directly by the depositor with institutional investors.

A prospectus supplement will be prepared for each series which will describe the method of offering being used for that series and will set forth the identity of any underwriters thereof and either the price at which the series is being offered, the nature and amount of any underwriting discounts or additional compensation to those underwriters and the proceeds of the offering to the depositor, or the method by which the price at which the underwriters will sell the securities will be determined. Each prospectus supplement for an underwritten offering will also contain information regarding the nature of the underwriters' obligations, any material relationship between the depositor and any underwriter and, where appropriate, information regarding any discounts or concessions to be allowed or reallocated to dealers or others and any arrangements to stabilize the market for the securities so offered. In firm commitment underwritten offerings, the underwriters will be obligated to purchase all of the securities of the series if any of those securities are purchased. Securities may be acquired by the underwriters for their own accounts and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale.

Underwriters and agents may be entitled under agreements entered into with the depositor to indemnification by the depositor against certain civil liabilities, including liabilities under the Securities Act, or to contribution with respect to payments which the underwriters or agents may be required to make in respect thereof.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each underwriter will be required to represent and agree with the depositor that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") and with respect to any class of securities with a minimum denomination of less than \$100,000, it has not made and will not make an offer of securities to the public in that Relevant Member State prior to the publication of a prospectus in relation to the securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of securities to the public in that Relevant Member State at any time:

- (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (c) in any other circumstances which do not require the publication by the depositor of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of securities to the public" in relation to any class of securities of a series, which class has a minimum denomination of less than \$100,000, in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

If a series is offered other than through underwriters, the prospectus supplement relating thereto will contain information regarding the nature of the offering and any agreements to be entered into between the depositor and purchasers of securities of the series.

Legal Matters

The validity of the securities of each series, including certain federal income tax consequences with respect thereto, will be passed upon for the depositor by Sidley Austin LLP, 787 Seventh Avenue, New York, New York

10019, or by Thacher Proffitt & Wood LLP, Two World Financial Center, New York, New York 10281, as specified in the prospectus supplement.

Financial Information

A new trust fund will be formed with respect to each series of securities and no trust fund will engage in any business activities or have any assets or obligations prior to the issuance of the related series of securities. Accordingly, no financial statements with respect to any trust fund will be included in this prospectus or in the related prospectus supplement.

Rating

It is a condition to the issuance of the securities of each series offered hereby and by the prospectus supplement that they shall have been rated in one of the four highest rating categories by the nationally recognized statistical rating agency or agencies (each, a "Rating Agency") specified in the related prospectus supplement.

The rating would be based on, among other things, the adequacy of the value of the Trust Fund Assets and any credit enhancement with respect to the class and will reflect the Rating Agency's assessment solely of the likelihood that holders of a class of securities of the class will receive payments to which the securityholders are entitled under the related Agreement. The rating will not constitute an assessment of the likelihood that principal prepayments on the related loans will be made, the degree to which the rate of the prepayments might differ from that originally anticipated or the likelihood of early optional termination of the series of securities. The rating should not be deemed a recommendation to purchase, hold or sell securities, inasmuch as it does not address market price or suitability for a particular investor. Each security rating should be evaluated independently of any other security rating. The rating will not address the possibility that prepayment at higher or lower rates than anticipated by an investor may cause the investor to experience a lower than anticipated yield or that an investor purchasing a security at a significant premium might fail to recoup its initial investment under certain prepayment scenarios.

We can give no assurance that any the rating will remain in effect for any given period of time or that it may not be lowered or withdrawn entirely by the Rating Agency in the future if in its judgment circumstances in the future so warrant. In addition to being lowered or withdrawn due to any erosion in the adequacy of the value of the Trust Fund Assets or any credit enhancement with respect to a series, the rating might also be lowered or withdrawn among other reasons, because of an adverse change in the financial or other condition of a credit enhancement provider or a change in the rating of the credit enhancement provider's long term debt.

The amount, type and nature of credit enhancement, if any, established with respect to a series of securities will be determined on the basis of criteria established by each Rating Agency rating classes of the series. The criteria are sometimes based upon an actuarial analysis of the behavior of mortgage loans in a larger group. The analysis is often the basis upon which each Rating Agency determines the amount of credit enhancement required with respect to each the class. We can give no assurance that the historical data supporting the actuarial analysis will accurately reflect future experience nor assurance that the data derived from a large pool of mortgage loans accurately predicts the delinquency, foreclosure or loss experience of any particular pool of loans. We can give no assurance that values of any Properties have remained or will remain at their levels on the respective dates of origination of the related loans. If the residential real estate markets should experience an overall decline in property values such that the outstanding principal balances of the loans in a particular trust fund and any secondary financing on the related Properties become equal to or greater than the value of the Properties, the rates of delinquencies, foreclosures and losses could be higher than those now generally experienced in the mortgage lending industry. In addition, adverse economic conditions (which may or may not affect real property values) may affect the timely payment by mortgagors of scheduled payments of principal and interest on the loans and, accordingly, the rates of delinquencies, foreclosures and losses with respect to any trust fund. To the extent that those losses are not covered by credit enhancement, the losses will be borne, at least in part, by the holders of one or more classes of the securities of the related series.

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Alternative Loan Trust 2006-OA19

Issuing Entity

CWALT, INC.

Depositor



Countrywide®

HOME LOANS

Sponsor and Seller

Countrywide Home Loans Servicing LP

Master Servicer

\$1,199,267,100

(Approximate)

Mortgage Pass-Through Certificates, Series 2006-OA19

PROSPECTUS SUPPLEMENT

Countrywide Securities Corporation

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information.

We are not offering the Series 2006-OA19 Mortgage Pass-Through Certificates in any state where the offer is not permitted.

Dealers will deliver a prospectus supplement and prospectus when acting as underwriters of the Series 2006-OA19 Mortgage Pass-Through Certificates and with respect to their unsold allotments or subscriptions. In addition, all dealers selling the Series 2006-OA19 Mortgage Pass-Through Certificates will be required to deliver a prospectus supplement and prospectus until 90 days after the date of this prospectus supplement.

November 29, 2006

Exhibit C

\$1,602,525,100

(Approximate)

CWABS, Inc.

Depositor



Countrywide®

HOME LOANS

Sponsor and Seller

Countrywide Home Loans Servicing LP

Master Servicer

CWABS Asset-Backed Certificates Trust 2006-13

Issuing Entity

Asset-Backed Certificates, Series 2006-13

Distributions are payable on the 25th day of each month, beginning in August 2006

The issuing entity will issue certificates, including the following classes of certificates that are offered pursuant to this prospectus supplement and the accompanying prospectus:

Class	Original Certificate Principal Balance(1)	Price to Public	Underwriting Discount	Proceeds to Depositor(2)	Class	Original Certificate Principal Balance(1)	Price to Public	Underwriting Discount	Proceeds to Depositor(2)
1-AF-1	\$128,246,000	100.00000%	0.05208%	99.94792%	MV-1	\$48,600,000	100.00000%	0.15625%	99.84375%
1-AF-2	\$ 31,277,000	99.99908%	0.10417%	99.89491%	MV-2	\$41,400,000	100.00000%	0.41667%	99.58333%
1-AF-3	\$ 91,851,000	99.99984%	0.20833%	99.79151%	MV-3	\$24,600,000	100.00000%	0.83333%	99.16667%
1-AF-4	\$ 67,829,000	99.99987%	0.26042%	99.73945%	MV-4	\$22,200,000	100.00000%	1.03333%	98.96667%
1-AF-5	\$ 77,922,000	99.99858%	0.41667%	99.58191%	MV-5	\$21,000,000	100.00000%	1.09167%	98.90833%
1-AF-6	\$ 45,000,000	99.99883%	0.31250%	99.68633%	MV-6	\$19,800,000	100.00000%	1.16667%	98.83333%
2-AV	\$399,884,000	100.00000%	0.05208%	99.94792%	MV-7	\$18,600,000	100.00000%	2.40667%	97.59333%
3-AV-1	\$237,306,000	100.00000%	0.05208%	99.94792%	MV-8	\$16,800,000	100.00000%	2.91667%	97.08333%
3-AV-2	\$238,274,000	100.00000%	0.10417%	99.89583%	BV	\$12,000,000	100.00000%	2.91667%	97.08333%
3-AV-3	\$ 59,936,000	100.00000%	0.10417%	99.89583%	A-R	\$ 100	(3)	(3)	(3)

Consider carefully the risk factors beginning on page S-20 in this prospectus supplement and on page 2 in the prospectus.

The certificates represent obligations of the issuing entity only and do not represent an interest in or obligation of CWABS, Inc., Countrywide Home Loans, Inc. or any of their affiliates.

This prospectus supplement may be used to offer and sell the offered certificates only if accompanied by the prospectus.

- (1) This amount is subject to a permitted variance in the aggregate of plus or minus 10%.
- (2) Before deducting expenses payable by the Depositor estimated to be approximately \$1,025,000 in the aggregate.
- (3) The Class A-R Certificates will not be purchased by the underwriters and are being transferred to Countrywide Home Loans, Inc. as partial consideration for the sale of the mortgage loans. See "Method of Distribution" in this prospectus supplement.

The classes of certificates offered by this prospectus supplement are listed, together with their interest rates and the methods of calculating them, in the tables under "Summary — Description of the Certificates" on pages S-5 and S-6 of this prospectus supplement. This prospectus supplement and the accompanying prospectus relate only to the offering of the certificates listed above and not to the other classes of certificates that will be issued by the issuing entity.

The certificates represent interests in a pool of adjustable rate and fixed rate, credit blemished mortgage loans that are secured by first liens on one- to four-family residential properties, as described in this prospectus supplement.

Credit enhancement for the certificates consists of:

- Overcollateralization,
- Excess Interest,
- Mortgage pool insurance policy (in the case of the Class 1-AF Certificates only),
- Certificate guaranty insurance policy (in the case of the Class 1-AF Certificates only) and
- Subordination (in the case of the Class AV and Class MV Certificates only).

The credit enhancement for each class of certificates varies. Not all credit enhancement is available for every class. The credit enhancement for the certificates is described in more detail in this prospectus supplement.

The Class AV Certificates and the adjustable rate subordinate certificates also will have the benefit of an interest rate swap contract, and the Class 1-AF-1 Certificates will have the benefit of an interest rate corridor contract.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this prospectus supplement or the prospectus. Any representation to the contrary is a criminal offense.

Countrywide Securities Corporation

Bear, Stearns & Co. Inc.

Lehman Brothers

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SUMMARY

This summary highlights selected information from this document and does not contain all of the information that you need to consider when making your investment decision. To understand all of the terms of an offering of the certificates, read this entire document and the accompanying prospectus carefully.

While this summary contains an overview of certain calculations, cash flow priorities and other information to aid your understanding, you should read carefully the full description of these calculations, cash flow priorities and other information in this prospectus supplement and the accompanying prospectus before making any investment decision.

Issuing Entity

CWABS Asset-Backed Certificates Trust 2006-13, a common law trust formed under the laws of the State of New York.

See “The Issuing Entity” in this prospectus supplement.

Depositor

CWABS, Inc., a Delaware corporation and a limited purpose finance subsidiary of Countrywide Financial Corporation, a Delaware corporation.

See “The Depositor” in the prospectus.

Sponsor and Sellers

Countrywide Home Loans, Inc. will be the sponsor of the transaction and a seller of a portion of the mortgage loans. Other sellers may include one or more special purpose entities established by Countrywide Financial Corporation or one of its subsidiaries, which acquired the mortgage loans they are selling directly from Countrywide Home Loans, Inc.

See “Servicing of the Mortgage Loans — Countrywide Home Loans” in this prospectus supplement.

Master Servicer

Countrywide Home Loans Servicing LP.

See “Servicing of the Mortgage Loans — Countrywide Home Loans Servicing LP” in this prospectus supplement.

Trustee

The Bank of New York, a New York banking corporation

See “Description of the Certificates — The Trustee” in this prospectus supplement.

Co-Trustee

The Bank of New York Trust Company, N.A.

See “Description of the Certificates — The Co-Trustee” in this prospectus supplement.

The NIM Insurer

After the closing date, a separate trust or trusts (or other form of entity) may be established to issue net interest margin securities secured by all or a portion of the Class PF, Class PV, Class CF and Class CV Certificates. Those net interest margin securities may have the benefit of one or more financial guaranty insurance policies that guaranty payments on those securities. The insurer or insurers issuing these financial guaranty insurance policies are referred to in this prospectus supplement as the “NIM Insurer.” The references to the NIM Insurer in this prospectus supplement apply only if the net interest margin securities are so insured.

Any NIM Insurer will have a number of rights under the pooling and servicing agreement that will limit and otherwise affect the rights of the holders of the offered certificates. Any insurance policy issued by a NIM Insurer will not cover, and will not benefit in any manner whatsoever, the offered certificates.

See “Risk Factors—Rights of the NIM Insurer Limit Your Control and NIM Insurer Actions May Negatively Affect You” in this prospectus supplement.

Pooling and Servicing Agreement

The pooling and servicing agreement among the sellers, the master servicer, the depositor, the trustee and the co-trustee, under which the issuing entity will be formed.

Cut-off Date***Initial Mortgage Loans:***

For any initial mortgage loan, the later of July 1, 2006 and the origination date of that mortgage loan (referred to as the initial cut-off date).

Subsequent Mortgage Loans:

For any subsequent mortgage loan, the later of the first day of the month of the related subsequent transfer date and the origination date of that subsequent mortgage loan (referred to as the subsequent cut-off date).

Closing Date

On or about July 28, 2006.

Pre-Funding

On the closing date, the depositor may deposit an amount of up to 25% of the initial aggregate certificate principal balance of the certificates issued by the issuing entity in a pre-funding account (referred to as the pre-funded amount).

Any pre-funded amount will be allocated among the loan groups so that the amount allocated to any loan group will not exceed 25% of the aggregate certificate principal balance of the classes of certificates related to that loan group.

Funding Period:

Any funding period will begin on the closing date and end on the earlier of (x) the date the amount in the pre-funding account is less than \$175,000 and (y) September 12, 2006.

Use of Pre-Funded Amount:

Any pre-funded amount is expected to be used to purchase subsequent mortgage loans. Any pre-funded amount not used during the funding period to purchase subsequent mortgage loans will be distributed to holders of the related senior certificates as a prepayment of principal on the distribution date immediately following the end of the funding period.

Restrictions on Subsequent Mortgage Loan Purchases:

Purchases of subsequent mortgage loans are subject to the same criteria as the initial mortgage loans and additional restrictions related to the composition of the related loan group following the acquisition of the

subsequent mortgage loans, as described in this prospectus supplement.

Interest Shortfall Payments:

On or prior to the October 2006 distribution date, Countrywide Home Loans, Inc. will make interest shortfall payments to the issuing entity to offset shortfalls in interest collections attributable to the pre-funding mechanism or because newly originated loans do not have a payment due date in the due period related to the subject distribution date.

See “*The Mortgage Pool — Pre-Funding*” in this prospectus supplement.

The Mortgage Loans

The mortgage pool will consist of fixed and adjustable rate, credit-blemished mortgage loans that are secured by first liens on one- to four-family residential properties. The mortgage loans will be divided into three separate groups. Each group of mortgage loans is referred to as a “loan group.” Loan group 1 will consist of first lien fixed rate mortgage loans. Loan group 2 will consist of first lien conforming balance fixed and adjustable rate mortgage loans. Loan group 3 will consist of first lien fixed and adjustable rate mortgage loans.

See “*The Mortgage Pool*” in this prospectus supplement.

Statistical Calculation Information

The statistical information presented in this prospectus supplement relates to a statistical calculation pool that does not reflect all of the mortgage loans that will be included in the issuing entity. Additional mortgage loans will be included in the mortgage pool on the closing date, and subsequent mortgage loans may be included during the funding period. In addition, certain mortgage loans in the statistical calculation pool may not be included in the mortgage pool on the closing date because they have prepaid in full or were determined not to meet the eligibility requirements for the mortgage pool.

The information with respect to the statistical calculation pool is, unless otherwise specified, based on the scheduled principal balances as of July 1, 2006, which is the statistical calculation date. The aggregate stated principal balance of the statistical calculation pool as of the statistical calculation date is referred to as the statistical calculation date pool principal balance. As of the statistical calculation

date, the statistical calculation date pool principal balance was approximately \$1,279,873,271.

Unless otherwise noted, all statistical percentages are measured by the statistical calculation date pool principal balance.

As of the statistical calculation date, the group 1 mortgage loans in the statistical calculation pool had the following characteristics:

Aggregate Current Principal Balance	\$514,447,329
Weighted Average Mortgage Rate	7.625%
Range of Mortgage Rates	5.875% to 14.900%
Average Current Principal Balance	\$207,942
Range of Current Principal Balances	\$39,913 to \$937,500
Weighted Average Original Loan-to-Value Ratio	74.34%
Weighted Average Original Term to Maturity	382 months
Weighted Average Credit Bureau Risk Score	620 points
Weighted Average Remaining Term to Stated Maturity	381 months
Percentage Originated under Full Doc Program	73.70%
Geographic Concentrations in excess of 10%:	
California	33.68%
Florida	11.95%

As of the statistical calculation date, the group 2 mortgage loans in the statistical calculation pool had the following characteristics:

Aggregate Current Principal Balance	\$326,984,273
Weighted Average Mortgage Rate	8.392%
Range of Mortgage Rates	5.125% to 13.500%
Average Current Principal Balance	\$173,374
Range of Current Principal Balances	\$41,250 to \$600,000
Weighted Average Original Loan-to-Value Ratio	78.03%
Weighted Average Original Term to Maturity	385 months
Weighted Average Credit Bureau Risk Score	598 points
Weighted Average Remaining Term to Stated Maturity	384 months
Weighted Average Gross Margin*	6.640%
Weighted Average Maximum Mortgage Rate*	15.425%
Weighted Average Minimum Mortgage Rate*	8.502%
Percentage Originated under Full Doc Program	63.75%
Geographic Concentrations in excess of 10%:	
California	16.25%
Florida	11.98%

* Percentage presented only reflects those group 2 mortgage loans in the statistical calculation pool that are adjustable rate mortgage loans.

As of the statistical calculation date, the group 3 mortgage loans in the statistical calculation pool had the following characteristics:

Aggregate Current Principal Balance	\$438,441,670
Weighted Average Mortgage Rate	8.317%
Range of Mortgage Rates	5.500% to 14.800%
Average Current Principal Balance	\$234,085
Range of Current Principal Balances	\$35,000 to \$1,200,000
Weighted Average Original Loan-to-Value Ratio	79.43%
Weighted Average Original Term to Maturity	378 months
Weighted Average Credit Bureau Risk Score	617 points
Weighted Average Remaining Term to Stated Maturity	377 months
Weighted Average Gross Margin*	7.241%
Weighted Average Maximum Mortgage Rate*	15.529%
Weighted Average Minimum Mortgage Rate*	8.594%
Percentage Originated under Full Doc Program	53.44%
Geographic Concentrations in excess of 10%:	
California	32.31%
Florida	14.00%

* Percentage presented only reflects those group 3 mortgage loans in the statistical calculation pool that are adjustable rate mortgage loans.

Additional information regarding the mortgage loans in the statistical calculation pool is attached as Annex A to this prospectus supplement.

The following characteristics of each loan group in the initial mortgage pool as of the initial cut-off date and the final mortgage pool following any pre-funding period (measured as of the initial cut-off date for initial mortgage loans and as of the applicable subsequent cut-off date for any subsequent mortgage loans) will not vary from the corresponding characteristics of the statistical calculation pool by more than the permitted variance shown in the following table:

Characteristic	Permitted Variance
Weighted Average Mortgage Rate	±0.10%
Weighted Average Original Loan-to-Value Ratio	±3.00%
Weighted Average Credit Bureau Risk Score	±5 points
Percentage Originated under Full Doc Program	±3.00%
Weighted Average Gross Margin of Adjustable Rate Mortgage Loans	±0.10%
Maximum California Concentration (Loan Group 1)	35.00%
Maximum California Concentration (Loan Group 2 and Loan Group 3)	50.00%

Description of the Certificates

The issuing entity will issue the following classes of certificates:

Class	Initial Certificate Principal Balance (1)	Type	Last Scheduled Distribution Date (2)	Initial Rating (Moody's) (3)	Initial Rating (S&P) (3)
Offered Certificates					
1-AF-1	\$ 128,246,000	Senior/Adjustable Rate	February 2026	Aaa	AAA
1-AF-2	\$ 31,277,000	Senior/Fixed Rate	May 2028	Aaa	AAA
1-AF-3	\$ 91,851,000	Senior/Fixed Rate	May 2033	Aaa	AAA
1-AF-4	\$ 67,829,000	Senior/Fixed Rate	January 2036	Aaa	AAA
1-AF-5	\$ 77,922,000	Senior/Fixed Rate	January 2037	Aaa	AAA
1-AF-6	\$ 45,000,000	Senior/Fixed Rate/NAS	January 2037	Aaa	AAA
2-AV	\$ 399,884,000	Senior/Adjustable Rate	January 2037	Aaa	AAA
3-AV-1	\$ 237,306,000	Senior/Adjustable Rate	November 2028	Aaa	AAA
3-AV-2	\$ 238,274,000	Senior/Adjustable Rate	July 2036	Aaa	AAA
3-AV-3	\$ 59,936,000	Senior/Adjustable Rate	January 2037	Aaa	AAA
MV-1	\$ 48,600,000	Subordinate/Adjustable Rate	January 2037	Aa1	AA+
MV-2	\$ 41,400,000	Subordinate/Adjustable Rate	January 2037	Aa2	AA
MV-3	\$ 24,600,000	Subordinate/Adjustable Rate	January 2037	Aa3	AA
MV-4	\$ 22,200,000	Subordinate/Adjustable Rate	January 2037	A1	AA-
MV-5	\$ 21,000,000	Subordinate/Adjustable Rate	January 2037	A2	A+
MV-6	\$ 19,800,000	Subordinate/Adjustable Rate	January 2037	A3	A
MV-7	\$ 18,600,000	Subordinate/Adjustable Rate	January 2037	Baa1	BBB+
MV-8	\$ 16,800,000	Subordinate/Adjustable Rate	January 2037	Baa2	BBB
BV	\$ 12,000,000	Subordinate/Adjustable Rate	January 2037	Baa2	BBB-
A-R	\$ 100	Senior/REMIC Residual	August 2006	Aaa	AAA
Non-Offered Certificates(4)					
Class PF	\$ 100	Prepayment Charges	N/A	N/R	N/R
Class PV	\$ 100	Prepayment Charges	N/A	N/R	N/R
Class CF	N/A	Residual	N/A	N/R	N/R
Class CV	N/A	Residual	N/A	N/R	N/R

- (1) This amount is subject to a permitted variance in the aggregate of plus or minus 10% depending on the amount of mortgage loans actually delivered on the closing date.
- (2) Each date was determined as described under “Yield, Prepayment and Maturity Considerations” in this prospectus supplement.
- (3) The offered certificates will not be offered unless they are assigned the indicated ratings by Moody’s Investors Service, Inc. (“**Moody’s**”) and Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. (“**S&P**”). “N/R” indicates that the agency was not asked to rate the certificates. A rating is not a recommendation to buy, sell or hold securities. These ratings may be lowered or withdrawn at any time by either of the rating agencies. The ratings assigned to the Class 1-AF Certificates will be issued based on the financial strength rating of the Class 1-AF Insurer. See “Ratings” in this prospectus supplement.
- (4) The Class PF, Class PV, Class CF and Class CV Certificates are not offered by this prospectus supplement. Any information contained in this prospectus supplement with respect to the Class PF, Class PV, Class CF and Class CV Certificates is provided only to permit a better understanding of the offered certificates.

The certificates will also have the following characteristics:

Class	Related Loan Group	Pass-Through Rate On or Before Optional Termination Date	Pass-Through Rate After Optional Termination Date	Accrual Period	Interest Accrual Convention
Offered Certificates					
1-AF-1	1	LIBOR + 0.120% (1)	LIBOR + 0.120% (1)	(2)	Actual/360 (3)
1-AF-2	1	5.884% (4)	5.884% (4)	calendar month (5)	30/360 (6)
1-AF-3	1	5.944% (4)	5.944% (4)	calendar month (5)	30/360 (6)
1-AF-4	1	6.229% (4)	6.229% (4)	calendar month (5)	30/360 (6)
1-AF-5	1	6.473% (4)	6.973% (4)	calendar month (5)	30/360 (6)
1-AF-6	1	6.034% (4)	6.034% (4)	calendar month (5)	30/360 (6)
2-AV	2	LIBOR + 0.150% (7)	LIBOR + 0.300% (7)	(2)	Actual/360 (3)
3-AV-1	3	LIBOR + 0.050% (7)	LIBOR + 0.100% (7)	(2)	Actual/360 (3)
3-AV-2	3	LIBOR + 0.150% (7)	LIBOR + 0.300% (7)	(2)	Actual/360 (3)
3-AV-3	3	LIBOR + 0.250% (7)	LIBOR + 0.500% (7)	(2)	Actual/360 (3)
MV-1	2 and 3	LIBOR + 0.290% (7)	LIBOR + 0.435% (7)	(2)	Actual/360 (3)
MV-2	2 and 3	LIBOR + 0.310% (7)	LIBOR + 0.465% (7)	(2)	Actual/360 (3)
MV-3	2 and 3	LIBOR + 0.320% (7)	LIBOR + 0.480% (7)	(2)	Actual/360 (3)
MV-4	2 and 3	LIBOR + 0.380% (7)	LIBOR + 0.570% (7)	(2)	Actual/360 (3)
MV-5	2 and 3	LIBOR + 0.420% (7)	LIBOR + 0.630% (7)	(2)	Actual/360 (3)
MV-6	2 and 3	LIBOR + 0.470% (7)	LIBOR + 0.705% (7)	(2)	Actual/360 (3)
MV-7	2 and 3	LIBOR + 0.950% (7)	LIBOR + 1.425% (7)	(2)	Actual/360 (3)
MV-8	2 and 3	LIBOR + 1.200% (7)	LIBOR + 1.800% (7)	(2)	Actual/360 (3)
BV	2 and 3	LIBOR + 2.200% (7)	LIBOR + 3.300% (7)	(2)	Actual/360 (3)
A-R	1, 2 and 3	(8)	(8)	N/A	N/A
Non-Offered Certificates					
Class PF	1	N/A	N/A	N/A	N/A
Class PV	2 and 3	N/A	N/A	N/A	N/A
Class CF	1	N/A	N/A	N/A	N/A
Class CV	2 and 3	N/A	N/A	N/A	N/A

- (1) The pass-through rate for this class of certificates may adjust monthly and will be subject to an interest rate cap, in each case as described in this prospectus supplement under “*Description of the Certificates — Distributions — Distributions of Interest.*” LIBOR refers to One-Month LIBOR for the related accrual period calculated as described in this prospectus supplement under “*Description of the Certificates — Calculation of One-Month LIBOR.*”
- (2) The accrual period for any distribution date will be the one-month period from and including the preceding distribution date (or from and including the closing date, in the case of the first distribution date) to and including the day prior to the current distribution date. These certificates will settle without accrued interest.
- (3) Interest accrues at the rate specified in this table based on a 360-day year and the actual number of days elapsed during the related accrual period.
- (4) The pass-through rate for this class of certificates will be subject to an interest rate cap, as described in this prospectus supplement under “*Description of the Certificates — Distributions — Distributions of Interest.*”
- (5) The accrual period for any distribution date will be the calendar month preceding that distribution date. These certificates will settle with accrued interest.
- (6) Interest accrues at the rate specified in this table based on a 360-day year that consists of twelve 30-day months.
- (7) The pass-through rate for this class of certificates may adjust monthly, will be subject to increase after the optional termination date as shown in this table and will be subject to an interest rate cap, in each case as described in this prospectus supplement under “*Description of the Certificates — Distributions — Distributions of Interest.*”
- (8) The Class A-R Certificates will not accrue any interest.

See “*Description of the Certificates*” in this prospectus supplement.

Designations

Designation	Class of Certificates
<i>Class 1-AF Certificates or Group 1 Certificates:</i>	Class 1-AF-1, Class 1-AF-2, Class 1-AF-3, Class 1-AF-4, Class 1-AF-5 and Class 1-AF-6 Certificates.
<i>Class 3-AV Certificates:</i>	Class 3-AV-1, Class 3-AV-2 and Class 3-AV-3 Certificates.
<i>Class AV Certificates:</i>	Class 2-AV and Class 3-AV Certificates.
<i>Senior Certificates:</i>	Class 1-AF, Class AV and Class A-R Certificates.
<i>Fixed Rate Certificates:</i>	Class 1-AF-2, Class 1-AF-3, Class 1-AF-4, Class 1-AF-5 and Class 1-AF-6 Certificates.
<i>Adjustable Rate Certificates:</i>	Class 1-AF-1 and Class AV Certificates and the Adjustable Rate Subordinate Certificates.
<i>Adjustable Rate Subordinate Certificates or Subordinate Certificates:</i>	Class MV-1, Class MV-2, Class MV-3, Class MV-4, Class MV-5, Class MV-6, Class MV-7, Class MV-8 and Class BV Certificates.
<i>Swap Certificates or Group 2 and Group 3 Certificates:</i>	Class AV Certificates and the Adjustable Rate Subordinate Certificates.
<i>Offered Certificates:</i>	Class 1-AF, Class AV and Class A-R Certificates and the Subordinate Certificates.

Record Date

Adjustable Rate Certificates:

The business day immediately preceding a distribution date, or if the adjustable rate certificates are no longer book-entry certificates, the last business day of the month preceding the month of a distribution date.

Class A-R Certificates and Fixed Rate Certificates:

The last business day of the month preceding the month of a distribution date.

Denominations

\$20,000 and multiples of \$1 in excess thereof, except that the Class A-R Certificates will be issued as two certificates in the denominations specified in the pooling and servicing agreement.

Registration of Certificates

Offered Certificates other than the Class A-R Certificates:

Book-entry form. Persons acquiring beneficial ownership interests in the offered certificates (other than the Class A-R Certificates) will hold their beneficial interests through The Depository Trust Company, in the United States, or Clearstream, Luxembourg or the Euroclear System, in Europe.

Class A-R Certificates:

Fully registered certificated form. The Class A-R Certificates will be subject to certain restrictions on transfer described in this prospectus supplement and as more fully provided for in the pooling and servicing agreement.

See “Description of the Certificates — Book-Entry Certificates” and “— Restrictions on Transfer of the Class A-R Certificates” in this prospectus supplement.

Distribution Dates

Beginning on August 25, 2006, and thereafter on the 25th day of each calendar month, or if the 25th is not a business day, the next business day.

Interest Payments

On each distribution date, holders of each class of interest-bearing certificates will be entitled to receive:

- the interest that has accrued during the related accrual period at the related pass-through rate on the certificate principal balance immediately prior to the applicable distribution date, and
- any interest due on a prior distribution date that was not paid.

The accrual period, interest calculation convention and pass-through rate for each class of interest-bearing certificates is shown in the table on page S-6.

For each class of subordinate certificates, any interest carry forward amount (which is interest due on a prior distribution date that was not paid on a prior distribution date) will be payable from excess cashflow as and to the extent described in this prospectus supplement. Interest carry forward amounts on the adjustable rate subordinate certificates also may be paid from amounts in the

swap trust as and to the extent described in this prospectus supplement.

There are certain circumstances that could reduce the amount of interest paid to you.

See “Description of the Certificates — Distributions — Distributions of Interest” in this prospectus supplement.

Principal Payments

On each distribution date, certificateholders will receive a distribution of principal on their certificates only if there is cash available on that date for the payment of principal. The priority of payments will differ, as described in this prospectus supplement, depending upon whether a distribution date occurs before the applicable stepdown date, or on or after that date, and will depend on the loss and delinquency performance of the mortgage loans.

See “Description of the Certificates — Distributions — Distributions of Principal Distribution Amount for Loan Group 1” and “—Distributions of Principal Distribution Amount for Loan Group 2 and Loan Group 3” in this prospectus supplement.

Amounts Available for Distributions on the Certificates

Amounts Available with respect to Interest Distributions

The amount available for interest distributions on the certificates on any distribution date will be calculated on a loan group by loan group basis and will generally consist of the following amounts with respect to the mortgage loans in a loan group (after the fees and expenses as described below are subtracted):

- scheduled payments of interest on the mortgage loans collected during the applicable period (other than any credit comeback excess amounts);
- interest on prepayments to the extent not allocable to the master servicer as additional servicing compensation;
- interest amounts advanced by the master servicer and any required compensating interest paid by the master servicer related to certain prepayments on certain mortgage loans;
- liquidation proceeds on the mortgage loans during the applicable period (to the extent allocable to interest); and

- the amount, if any, of the seller interest shortfall payment paid by Countrywide Home Loans, Inc. on any distribution date on or prior to the October 2006 distribution date.

Amounts Available with respect to Principal Distributions

The amount available for principal distributions on the certificates on any distribution date will be calculated on a loan group by loan group basis and will generally consist of the following amounts with respect to the mortgage loans in a loan group (after fees and expenses as described below are subtracted):

- scheduled payments of principal of the mortgage loans collected during the applicable period or advanced by the master servicer;
- prepayments collected in the applicable period;
- the stated principal balance of any mortgage loans repurchased by a seller or purchased by the master servicer;
- the difference, if any, between the stated principal balance of a substitute mortgage loan and the related deleted mortgage loan;
- liquidation proceeds on the mortgage loans during the applicable period (to the extent allocable to principal);
- excess interest (to the extent available) to maintain the targeted overcollateralization level for the related group of certificates as described under “Description of the Certificates — Overcollateralization Provisions” in this prospectus supplement;
- the amount, if any, remaining on deposit in the pre-funding account on the distribution date following the end of the funding period; and
- with respect to the January 2037 distribution date, the amounts, if any, on deposit in the applicable final maturity reserve fund.

Fees and Expenses

The amounts available for distributions on the certificates on any distribution date generally will not include the following amounts calculated on a loan group by loan group basis:

- the master servicing fee and additional servicing compensation (as described in this prospectus supplement under “Description of the Certificates — Withdrawals from the Collection

Account” and “—Withdrawals from the Distribution Account”) due to the master servicer;

- the pro rata portion of the trustee fee due to the trustee;
- amounts reimbursed to the master servicer and the trustee in respect of advances previously made by them and other amounts for which the master servicer and servicer are entitled to be reimbursed;
- all prepayment charges (which are distributable only to the Class PV and Class PF Certificates);
- all other amounts for which the depositor, a seller, the master servicer or any NIM Insurer is entitled to be reimbursed;
- in the case of loan group 1, the premium for the Class 1-AF policy; and
- with respect to loan group 2 and loan group 3, any net swap payments or any termination payment payable to the swap counterparty (other than a swap termination payment resulting from a swap counterparty trigger event).

Any amounts netted from the amount available for distribution to the certificateholders will reduce the amount distributed to the certificateholders.

Final Maturity Reserve Funds

On each distribution date beginning on the distribution date in August 2016 and ending on the fixed rate final maturity reserve funding date, if the aggregate stated principal balance of the mortgage loans in loan group 1 having an original term to maturity of 40 years is greater than the fixed rate 40-year target for such distribution date, an amount equal to the lesser of (a) the product of (i) 0.80% and (ii) the aggregate stated principal balance of the mortgage loans in loan group 1 with original terms to maturity of 40 years, and (b) the excess of (i) the fixed rate final maturity funding cap for such distribution date over (ii) the amount on deposit in the fixed rate final maturity reserve fund immediately prior to such distribution date will be deposited in the fixed rate final maturity reserve fund until the amount on deposit is equal to the fixed rate final maturity funding cap. On the distribution date in January 2037, any amounts on deposit in the fixed rate final maturity reserve fund will be distributed to the Class 1-AF Certificates as described in this prospectus supplement. Upon termination of the issuing entity,

any amounts remaining in the fixed rate final maturity reserve fund will be distributed to the holders of the Class CF Certificates.

On each distribution date beginning on the distribution date in August 2016 and ending on the adjustable rate final maturity reserve funding date, if the aggregate stated principal balance of the mortgage loans in loan group 2 and loan group 3 having an original term to maturity of 40 years is greater than the adjustable rate 40-year target for such distribution date, an amount equal to the lesser of (a) the product of (i) 0.80% and (ii) the aggregate stated principal balance of the mortgage loans in loan group 2 and loan group 3 with original terms to maturity of 40 years, and (b) the excess of (i) the adjustable rate final maturity funding cap for such distribution date over (ii) the amount on deposit in the adjustable rate final maturity reserve fund immediately prior to such distribution date will be deposited in the adjustable rate final maturity reserve fund until the amount on deposit is equal to the adjustable rate final maturity funding cap. On the distribution date in January 2037, any amounts on deposit in the adjustable rate final maturity reserve fund will be distributed to the Class AV and adjustable rate subordinate certificates as described in this prospectus supplement. Upon termination of the issuing entity, any amounts remaining in the adjustable rate final maturity reserve fund will be distributed to the holders of the Class CV Certificates.

See “Yield, Prepayment and Maturity Considerations — Last Scheduled Distribution Date” and “Description of the Certificates—Final Maturity Reserve Funds” in this prospectus supplement.

Servicing Compensation

Master Servicing Fee:

The master servicer will be paid a monthly fee (referred to as the master servicing fee) with respect to each mortgage loan equal to one-twelfth of the stated principal balance of that mortgage loan multiplied by 0.50% per annum (referred to as the servicing fee rate).

Additional Servicing Compensation:

The master servicer is also entitled to receive additional servicing compensation from amounts in respect of interest paid on certain principal prepayments, late payment fees, assumption fees and other similar charges (excluding prepayment charges) and investment income earned on amounts on deposit in certain of the issuing entity’s accounts.

Source and Priority of Payments:

These amounts will be paid to the master servicer from collections on the mortgage loans prior to any distributions on the certificates.

See “Servicing of the Mortgage Loans — Servicing Compensation and Payment of Expenses,” “Description of the Certificates — Withdrawals from the Certificate Account” and “— Withdrawals from the Distribution Account” in this prospectus supplement.

Priority of Payments; Distributions of Interest

Loan Group 1

In general, on any distribution date, loan group 1 interest funds will be distributed in the following order:

- to the fixed rate final maturity reserve fund, the fixed rate final maturity reserve fund required deposit;
- to the Class 1-AF Insurer, the monthly premium for the Class 1-AF Policy for such distribution date,
- concurrently to each class of Class 1-AF Certificates, current interest and interest carry forward amounts, pro rata based on their respective entitlements; and
- to the Class 1-AF Insurer, any reimbursement amount,
- as part of the fixed rate excess cashflow.

Loan Group 2 and Loan Group 3

In general, on any distribution date, loan group 2 and loan group 3 interest funds will be distributed in the following order:

- from the interest funds from loan group 2 and loan group 3, pro rata based on the interest funds for each loan group, to the adjustable rate final maturity reserve fund, the adjustable rate final maturity reserve fund required deposit,
- from the interest funds from loan group 2 and loan group 3, pro rata based on the interest funds for each loan group, to the swap account, the amount of any net swap payment and any swap termination payment (other than a swap termination payment due to a swap counterparty trigger event) payable to the swap counterparty;

- from loan group 2 interest funds, to the Class 2-AV Certificates, current interest and interest carry forward amount;
- from loan group 3 interest funds, concurrently, to each class of Class 3-AV Certificates, current interest and interest carry forward amount, pro rata based on their respective entitlements;
- from remaining loan group 2 and loan group 3 interest funds, to each class of Class AV Certificates, any remaining unpaid current interest and any interest carry forward amount, allocated pro rata based on the certificate principal balance of each class of Class AV Certificates, with any remaining amounts allocated based on any remaining unpaid current interest and interest carry forward amount for each class of Class AV Certificates;
- from any remaining loan group 2 and loan group 3 interest funds, sequentially, to the Class MV-1, Class MV-2, Class MV-3, Class MV-4, Class MV-5, Class MV-6, Class MV-7, Class MV-8 and Class BV Certificates, in that order, current interest for each class; and
- from any remaining loan group 2 and loan group 3 interest funds, as part of the excess cashflow.

Priority of Payments; Distributions of Principal

General

The manner of distributing principal among the classes of certificates in any certificate group will differ, as described in this prospectus supplement, depending upon whether a distribution date occurs before the related stepdown date, or on or after that date, and depending on whether a trigger event is in effect for that certificate group.

Effect of the Stepdown Date if a Trigger Event is not in Effect

On any distribution date on or after the related stepdown date (and so long as no trigger event for the applicable certificate group is in effect), instead of allocating all amounts distributable as principal on the certificates to the related senior classes of certificates for the loan group until those senior classes are paid in full, a portion of those amounts distributable as principal will be allocated to the related subordinate certificates.

The amount allocated to each class of certificates in a certificate group on or after the related stepdown date and so long as no trigger event is in effect for that

certificate group will be based on the targeted level of overcollateralization and subordination for each class of certificates in that certificate group. These amounts are described in more detail under “Description of the Certificates — Distributions — Distributions of Principal Distribution Amount for Loan Group 1” and “— Distributions of Principal Distribution Amount for Loan Group 2 and Loan Group 3” in this prospectus supplement.

Trigger Events:

A “trigger event” refers to certain specified levels of losses and/or delinquencies on the mortgage loans. Prior to the applicable stepdown date or if a trigger event is in effect with respect to a loan group on or after the applicable stepdown date, all amounts distributable as principal with respect to that loan group on a distribution date will be allocated first to the related senior certificates, until the related senior certificates are paid in full, before any distributions of principal are made on the related subordinate certificates.

The Stepdown Date:

The stepdown date for a certificate group will be the earlier of:

- the date on which the aggregate certificate principal balance of the Class 1-AF Certificates (in the case of the Class 1-AF Certificates) or the Class AV Certificates (in the case of the swap certificates) is reduced to zero; and
- the later of:
 - the August 2009 distribution date; and
 - the date on which the level of overcollateralization for the Class 1-AF Certificates is 4.60% of the aggregate stated principal balance of the mortgage loans in loan group 1 (in the case of the group 1 certificates) or the level of subordination for the Class AV Certificates is 44.10% of the aggregate stated principal balance of the mortgage loans in loan group 2 and loan group 3 (in the case of the group 2 and group 3 certificates).

Certificate or Loan Group Specific Events that Affect Allocations of Principal

Loan Group 1:

On any distribution date prior to the fixed rate stepdown date or on which a fixed rate trigger event

is in effect, the loan group 1 principal distribution amount will be distributed in the following order:

- to the Class 1-AF Insurer, any monthly premium for the Class 1-AF Policy for the distribution date remaining unpaid following the distribution of interest funds for loan group 1,
- to the classes of Class 1-AF Certificates in the priority described below, until the certificate principal balances thereof are reduced to zero; and
- to the Class 1-AF Insurer, any reimbursement amount remaining unpaid following the distribution of interest funds for loan group 1, and
- as part of the fixed rate excess cashflow.

On any distribution date on or after the fixed rate stepdown date and so long as no fixed rate trigger event is in effect, the loan group 1 principal distribution amount will be distributed in the following order:

- to the Class 1-AF Insurer, any monthly premium for the Class 1-AF Policy for the distribution date remaining unpaid following the distribution of interest funds for loan group 1,
- to the classes of Class 1-AF Certificates, up to the Class 1-AF principal distribution amount, in the priority described below, until the certificate principal balances thereof are reduced to zero; and
- to the Class 1-AF Insurer, any reimbursement amount remaining unpaid following the distribution of interest funds for loan group 1,
- as part of the fixed rate excess cashflow.

Class 1-AF Certificates:

For each distribution date, amounts to be distributed to the Class 1-AF Certificates in respect of principal will be distributed in the following order:

- (i) to the Class 1-AF-6 Certificates, the NAS principal distribution amount, until the certificate principal balance thereof is reduced to zero;
- (ii) sequentially, to the Class 1-AF-1, Class 1-AF-2, Class 1-AF-3, Class 1-AF-4 and Class 1-AF-5 Certificates, in that order, in each case until the certificate principal balance thereof is reduced to zero;

(iii) to the Class 1-AF-6 Certificates without regard to the NAS principal distribution amount, until the certificate principal balance thereof is reduced to zero.

Class 1-AF-6 Certificates; NAS Principal Distribution Amount:

The Class 1-AF-6 Certificates are entitled to receive the NAS principal distribution amount prior to payments of principal of the other classes of Class 1-AF Certificates. However, until the distribution date in August 2009, the NAS principal distribution amount is zero and it is expected that the AF-6 Certificates will not receive any distributions of principal. The NAS principal distribution amount is a specified percentage (that may exceed 100%) of the Class 1-AF-6 pro rata share of the principal distributable to the Class 1-AF Certificates. The specified percentage increases on the distribution date in August 2011, August 2012 and August 2013, when it ultimately reaches 300%. On and after the distribution date in August 2009 and until the August 2012 distribution date, it is expected that the Class 1-AF-6 Certificates will receive a portion of principal payments that is smaller than its pro rata share of principal payments and on or after August 2013 distribution date, the Class 1-AF-6 Certificates will receive an amount greater than its pro rata share of principal payments.

Loan Group 2 and Loan Group 3:

On any distribution date prior to the adjustable rate stepdown date or on which an adjustable rate trigger event is in effect, the loan group 2 and loan group 3 principal distribution amount will be distributed in the following order:

- concurrently,
 - (1) from the loan group 2 principal distribution amount, in the following order of priority:
 - (i) to the Class 2-AV Certificates, until the certificate principal balance thereof is reduced to zero; and
 - (ii) to the classes of Class 3-AV Certificates (after the distribution of the principal distribution amount from loan group 3 as described below), to be allocated among such classes of certificates in the amounts and order of priority described below, until the certificate principal balances thereof are reduced to zero; and

(2) from the loan group 3 principal distribution amount, in the following order of priority:

- (i) to the classes of Class 3-AV Certificates to be allocated among such classes of certificates in the amounts and order of priority described below, until the certificate principal balances thereof are reduced to zero; and
 - (ii) to the Class 2-AV Certificates (after the distribution of the principal distribution amount from loan group 2 as described above), until the certificate principal balance thereof is reduced to zero; and
- from the remaining principal distribution amount from loan group 2 and loan group 3, sequentially,
 - (1) sequentially, to the Class MV-1, Class MV-2, Class MV-3, Class MV-4, Class MV-5, Class MV-6, Class MV-7, Class MV-8 and Class BV Certificates, in that order, in each case until the certificate principal balance thereof is reduced to zero; and
 - (2) as part of the adjustable rate excess cashflow.

On any distribution date on or after the adjustable rate stepdown date and so long as no adjustable rate trigger event is in effect, the principal distribution amount for loan group 2 and loan group 3 will be distributed in the following order:

- concurrently,
 - (1) from the loan group 2 principal distribution amount, in an amount up to the Class 2-AV principal distribution amount, in the following order of priority:
 - (i) to the Class 2-AV Certificates, until the certificate principal balance thereof is reduced to zero; and
 - (ii) to the classes of Class 3-AV Certificates (after the distribution of the principal distribution amount from loan group 3 as described in clause (2)(i) of this bullet point), in the amounts and order of priority described below, until the certificate principal balances thereof are reduced to zero; and

(2) from the loan group 3 principal distribution amount, in an amount up to the Class 3-AV principal distribution amount, in the following order of priority:

- (i) to the classes of Class 3-AV Certificates, in the amounts and order of priority described below, until the certificate principal balances thereof are reduced to zero; and
 - (ii) to the Class 2-AV Certificates (after the distribution of the principal distribution amount from loan group 2 as described in clause (1)(i) of this bullet point), until the certificate principal balance thereof is reduced to zero; and
- from the remaining principal distribution amount from loan group 2 and loan group 3, sequentially,
 - (1) sequentially, to the Class MV-1, Class MV-2, MV-3, Class MV-4, Class MV-5, Class MV-6, Class MV-7, Class MV-8 and Class BV Certificates, in that order, the subordinate class principal distribution amount for that class, in each case until the certificate principal balance thereof is reduced to zero; and
 - (2) as part of the excess cashflow.

Class 3-AV Certificates:

For each distribution date, amounts to be distributed to the Class 3-AV Certificates in respect of principal will be distributed sequentially to the Class 3-AV-1, Class 3-AV-2 and Class 3-AV-3 Certificates, in that order, in each case until the certificate principal balance thereof is reduced to zero.

Excess Cashflow

Excess cashflow generally refers to the remaining amounts (if any) available for distribution to the certificates after interest and principal distributions have been made.

Generally, excess cashflow from loan group 1 will be allocated to the Class 1-AF Certificates and excess cashflow from loan group 2 and loan group 3 will be allocated to the Class AV Certificates and the adjustable rate subordinate certificates. However, if there is excess cashflow remaining after these distributions on the related classes of certificates, a portion of the excess cashflow may be allocated to an unrelated class of certificates as described in this

prospectus supplement under “*Description of the Certificates — Overcollateralization Provisions.*”

Loan Group 1

On any distribution date, the loan group 1 excess cashflow (if any) (referred to as fixed rate excess cashflow) and, in the case of the first two bullet points below, loan group 1 credit comeback excess cashflow (if any), will be distributed in the following order, in each case, first to the extent of the remaining credit comeback excess cashflow and, second to the extent of the remaining fixed rate excess cashflow:

- to each class of Class 1-AF Certificates, in the same priority as described above with respect to payments of principal, the amount necessary to meet the target overcollateralization level with respect to loan group 1 (referred to as the fixed rate overcollateralization target amount);
- concurrently, to each class of Class 1-AF Certificates, any unpaid realized loss amount for each such class, pro rata based on their respective entitlements;
- to each class of Class 1-AF Certificates (in the case of the Class 1-AF-1 Certificates, after payments of amounts available (if any) under the corridor contract), pro rata, to the extent needed to pay any unpaid net rate carryover for the Class 1-AF Certificates;
- to each class of Class AV Certificates and adjustable rate subordinate certificates, in the same priority as described above with respect to payments of principal, the amount necessary to restore the target overcollateralization level with respect to loan group 2 and loan group 3 (referred to as the adjustable rate overcollateralization target amount), to the extent not paid from adjustable rate excess cashflow or amounts allocated to the issuing entity in respect of the interest rate swap contract;
- concurrently, to each class of Class AV Certificates, any unpaid realized loss amount for each class, to the extent not paid from adjustable rate excess cashflow or amounts allocated to the issuing entity in respect of the interest rate swap contract, pro rata based on their respective entitlements;
- to the adjustable rate subordinate certificates sequentially, in order of their distribution priorities, any unpaid realized loss amount for

each such class, to the extent not paid from adjustable rate excess cashflow or amounts allocated to the issuing entity in respect of the interest rate swap contract;

- to the carryover reserve fund, the required carryover reserve fund deposit; and
- to the Class CF and Class A-R Certificates, as specified in the pooling and servicing agreement.

Loan Group 2 and Loan Group 3

On any distribution date, the loan group 2 and loan group 3 excess cashflow (if any) (referred to as adjustable rate excess cashflow) and, in the case of the first two bullet points below and in the case of the payment of unpaid realized loss amounts pursuant to the third bullet point below, loan group 2 and loan group 3 credit comeback excess cashflow (if any), will be distributed in the following order, in each case, first to the extent of the remaining credit comeback excess cashflow and, second to the extent of the remaining adjustable rate excess cashflow:

- to each class of Class AV Certificates and adjustable rate subordinate certificates, in the same priority as described above with respect to payments of principal, the amount necessary to meet the adjustable rate overcollateralization target amount;
- concurrently, to each class of Class AV Certificates, any unpaid realized loss amount for each such class, pro rata based on their respective entitlements;
- to the adjustable rate subordinate certificates sequentially, in order of their distribution priorities, in each case, first, any interest carry forward amount and second, any unpaid realized loss amount for each such class, in that order;
- to each class of Class AV Certificates and adjustable rate subordinate certificates, pro rata, to the extent needed to pay any unpaid net rate carryover for the Class AV Certificates and adjustable rate subordinate certificates;
- if the fixed rate overcollateralization target amount has been previously met, to each class of Class 1-AF Certificates, in the same priority as described above with respect to payments of principal, the amount necessary to restore the fixed rate overcollateralization target amount to the extent not paid from fixed rate excess cashflow;

- concurrently, to each class of Class 1-AF Certificates, any unpaid realized loss amount for each such class, to the extent not paid from fixed rate excess cashflow, pro rata based on their respective entitlements;
- to the carryover reserve fund, the required carryover reserve fund deposit;
- to the swap account, the amount of any swap termination payment payable to the swap counterparty as a result of a swap counterparty trigger event; and
- to the Class CV and Class A-R Certificates, as specified in the pooling and servicing agreement.

Credit Enhancement

Credit enhancement provides limited protection to holders of certain certificates against shortfalls in payments received on the mortgage loans. This transaction employs the following forms of credit enhancement:

Class 1-AF Certificate Guaranty Insurance Policy

The Class 1-AF Certificates have the benefit of a certificate guaranty insurance policy, called the Class 1-AF Policy, pursuant to which Ambac Assurance Corporation will unconditionally and irrevocably guarantee certain payments on the Class 1-AF Certificates on each distribution date subject to certain terms and conditions set forth in the Class 1-AF Policy. The Class 1-AF Policy will not cover any classes of certificates other than the Class 1-AF Certificates.

See “Description of the Certificates — The Class 1-AF Certificate Guaranty Insurance Policy” in this prospectus supplement.

Pool Insurance Policy

The mortgage loans in loan group 1 will be insured by a pool insurance policy issued by Radian Guaranty Inc. That policy will cover losses on the group 1 mortgage loans to the extent that aggregate losses on the group 1 mortgage loans exceed 3.50% of the aggregate unpaid principal balance of the group 1 mortgage loans as of the cut-off date, up to a limit of 7.00% of the aggregate unpaid principal balance of the group 1 mortgage loans as of the cut-off date, subject to certain limited conditions and exclusions.

See “The Mortgage Pool — The Pool Insurance Policy” in this prospectus supplement.

Overcollateralization

“Overcollateralization” refers to the amount by which the aggregate stated principal balance of the mortgage loans in a loan group or aggregate group and any remaining related pre-funded amount, exceeds the aggregate certificate principal balance of the related classes of certificates.

On the closing date, it is expected that:

- the sum of the aggregate stated principal balance of the group 1 mortgage loans and any amounts on deposit in the pre-funding account in respect of loan group 1 will exceed the initial aggregate certificate principal balance of the Class 1-AF Certificates by approximately \$7,875,000; and
- the sum of the aggregate stated principal balance of the group 2 and group 3 mortgage loans and any amounts on deposit in the pre-funding account in respect of loan group 2 and loan group 3 will exceed the initial aggregate certificate principal balance of the Class AV Certificates and the adjustable rate subordinate certificates by approximately \$39,600,000.

In the case of loan group 1, the amount of overcollateralization is less than the initial level of overcollateralization required by the pooling and servicing agreement. In the case of loan group 2 and loan group 3, the amount of overcollateralization is equal to the initial level of overcollateralization required by the pooling and servicing agreement.

Excess interest on the mortgage loans in a loan group will be used to reduce the total certificate principal balance of the related certificates, until the required level of overcollateralization has been achieved (in the case of loan group 1) or, if the required level of overcollateralization has been achieved, to restore the required level of overcollateralization.

On any distribution date, the amount of overcollateralization (if any) for each loan group will be available to absorb the losses from liquidated mortgage loans that would otherwise be allocated to the related certificates, if those losses are not otherwise covered by excess cashflow (if any) from the related mortgage loans. The required levels of overcollateralization may change over time.

See “Description of the Certificates—Overcollateralization Provisions” in this prospectus supplement.

Excess Interest

The mortgage loans in each loan group are expected to generate more interest than is needed to pay interest on the related certificates because the weighted average interest rate of those mortgage loans is expected to be higher than the weighted average pass-through rate on the related certificates, plus the weighted average expense fee rate, and in the case of loan group 1 and the Class 1-AF Certificates, the Class 1-AF policy premium rate, and in the case of loan group 2 and loan group 3, the effective rate at which any net swap payments may be payable to the swap counterparty. The “expense fee rate” is the sum of the servicing fee rate, the trustee fee rate and, with respect to any mortgage loan covered by an individual lender paid mortgage insurance policy, the related mortgage insurance premium rate. Any such interest is referred to as “excess interest” and will be distributed as part of the excess cashflow for the related loan group(s) as described under “—Excess Cashflow” above.

See “Description of the Certificates—Overcollateralization Provisions” in this prospectus supplement.

Subordination

The issuance of senior certificates and subordinate certificates by the issuing entity is designed to increase the likelihood that senior certificateholders will receive regular payments of interest and principal.

The Class AV Certificates will have a distribution priority over the adjustable rate subordinate certificates. With respect to the adjustable rate subordinate certificates, the Class MV Certificates with a lower numerical designation will have a distribution priority over Class MV Certificates with a higher numerical designation and all the Class MV Certificates will have a distribution priority over the Class BV Certificates.

Subordination is designed to provide the holders of certificates having a higher distribution priority with protection against losses realized when the remaining unpaid principal balance of a mortgage loan exceeds the proceeds recovered upon the liquidation of that mortgage loan. In general, this loss protection is accomplished by allocating realized losses among the subordinate certificates related to the loan group,

beginning with the related subordinate certificates with the lowest distribution priority.

The subordinate certificates do not provide any protection to the Class 1-AF Certificates.

Excess cashflow from a loan group will be available to maintain or restore the overcollateralization for the other loan group and, to pay unpaid realized loss amounts to the certificates related to the other loan group. However, realized losses on the mortgage loans in a loan group will be allocated solely to the classes of certificates related to that loan group.

Allocation of Losses

After the credit enhancement provided by excess cashflow and overcollateralization (if any) have been exhausted, collections otherwise payable to the related subordinate classes will comprise the sole source of funds from which credit enhancement is provided to the Class AV Certificates. Realized losses in loan group 2 or loan group 3 are allocated to the subordinate certificates, beginning with the subordinate certificates with the lowest distribution priority, until the certificate principal balance of that subordinate class has been reduced to zero. If the aggregate certificate principal balance of the subordinate certificates were to be reduced to zero, additional realized losses in loan group 2 or loan group 3 will be allocated to the related senior certificates as described in this prospectus supplement under “*Description of the Certificates—Applied Realized Loss Amounts.*” After the credit enhancement provided by the pool insurance policy, excess cashflow and overcollateralization with respect to loan group 1 (if any) have been exhausted, realized losses on the mortgage loans in loan group 1 will be allocated to the classes of Class 1-AF Certificates on a pro rata basis. However, the Class 1-AF Insurer will be obligated to make insured payments in respect of applied realized loss amounts on the Class 1-AF Certificates as they occur.

The Corridor Contract

Countrywide Home Loans, Inc. has entered into an interest rate corridor contract, which will be assigned to The Bank of New York, in its capacity as corridor contract administrator, on the closing date. On or prior to the corridor contract termination date, the corridor contract counterparty will be required to make monthly payments to the corridor contract administrator, if one-month LIBOR for the related payment date is above a specified rate, subject to a maximum rate. Payments made under the corridor contract will be made to the corridor contract

administrator and allocated between the issuing entity and Countrywide Home Loans, Inc. as described in “*Description of the Certificates — The Corridor Contract*” in this prospectus supplement.

The amounts allocated to the issuing entity in respect of the corridor contract will be available to cover net rate carryover on the Class 1-AF-1 Certificates resulting from the application of the applicable net rate cap to the related pass-through rate.

Any amounts received in respect of the corridor contract and allocated to the issuing entity for a distribution date that are not used on that date to cover net rate carryover on the Class 1-AF-1 Certificates are expected to be distributed to the holders of the Class CF Certificates as provided in the pooling and servicing agreement and will not be available thereafter for payment of net rate carryover on any class of certificates.

See “*Description of the Certificates — The Corridor Contract*” in this prospectus supplement.

The Swap Contract

Countrywide Home Loans, Inc. has entered into an interest rate swap contract, which will be assigned to The Bank of New York, in its capacity as swap contract administrator, on the closing date. On each distribution date prior to the swap contract termination date, the swap contract administrator will be obligated to pay to the swap counterparty an amount equal to the product of (i) 5.650% per annum, (ii) the lesser of (a) the swap contract notional balance for that distribution date and (b) the aggregate certificate principal balance of the swap certificates immediately prior to that distribution date, and (iii) the number of days in the related calculation period (calculated on the basis of a 360-day year of twelve 30-day months), divided by 360. In addition, on the business day preceding each distribution date prior to the swap contract termination date, the swap counterparty will be obligated to pay to the swap contract administrator an amount equal to the product of (i) one-month LIBOR (as determined by the swap counterparty), (ii) the lesser of (a) the swap contract notional balance for that distribution date and (b) the aggregate certificate principal balance of the swap certificates immediately prior to that distribution date, and (iii) the actual number of days in the related calculation period, divided by 360.

To the extent that the payment payable by the swap contract administrator exceeds the payment payable by the swap counterparty, the trustee will be required to deduct from the available funds for loan group 2

and loan group 3 the amount of that excess and, in its capacity as trustee of the swap trust, to remit the amount of that excess to the swap contract administrator for payment to the swap counterparty. To the extent that the payment payable by the swap counterparty exceeds the payment payable by the swap contract administrator, the swap counterparty will be required to pay to the swap contract administrator the amount of that excess. Any net payment received by the swap contract administrator from the swap counterparty will be remitted to the swap trust only to the extent necessary to cover unpaid current interest, net rate carryover and unpaid realized loss amounts on the swap certificates and to maintain or restore overcollateralization for those certificates. The remaining portion of any net payment received by the swap contract administrator from the swap counterparty will be paid to Countrywide Home Loans, Inc. and will not be available to cover any amounts on any class of certificates.

See “Description of the Certificates — The Swap Contract” in this prospectus supplement.

Advances

The master servicer will make cash advances with respect to delinquent payments of principal and interest on the mortgage loans to the extent that the master servicer reasonably believes that the cash advances can be repaid from future payments on the related mortgage loans. These cash advances are only intended to maintain a regular flow of scheduled interest and principal payments on the certificates and are not intended to guarantee or insure against losses.

See “Servicing of the Mortgage Loans — Advances” in this prospectus supplement.

Repurchase, Substitution and Purchase of Mortgage Loans

The sellers may be required to repurchase, or substitute, a replacement mortgage loan for any mortgage loan as to which there exists deficient documentation or as to which there has been an uncured breach of any representation or warranty relating to the characteristics of the mortgage loans that materially and adversely affects the interests of the certificateholders in that mortgage loan.

Additionally, the master servicer may purchase from the issuing entity any mortgage loan that is delinquent in payment by 150 days or more.

Countrywide Home Loans, Inc. also will be obligated to purchase any mortgage loan with respect to which

it has modified the mortgage rate at the request of the borrower. *See “Servicing of Mortgage Loans — Certain Modifications and Refinancings” in this prospectus supplement.*

The purchase price for any mortgage loans repurchased or purchased by a seller or the master servicer will be generally equal to the stated principal balance of the mortgage loan plus interest accrued at the applicable mortgage rate (and in the case of purchases by the master servicer, less the servicing fee rate).

See “The Mortgage Pool — Assignment of the Mortgage Loans” and “Description of the Certificates — Optional Purchase of Defaulted Loans” in this prospectus supplement and “Loan Program — Representations by Sellers; Repurchases” in the prospectus.

Optional Termination

The master servicer may purchase all of the remaining assets of the issuing entity on any distribution date on or after the first distribution date on which the aggregate stated principal balance of the mortgage loans and any foreclosed real estate owned by the issuing entity declines to or below 10% of the sum of the aggregate stated principal balance of the initial mortgage loans as of the initial cut-off date and the amount, if any, deposited into the pre-funding account on the closing date. If the master servicer exercises the optional termination right it will result in the early retirement of the certificates. The NIM Insurer may also have the right to purchase all of the remaining assets in the issuing entity.

See “Description of the Certificates — Optional Termination” in this prospectus supplement.

Material Federal Income Tax Consequences

For federal income tax purposes, the issuing entity (exclusive of the credit comeback excess account, the assets held in the carryover reserve fund and the pre-funding account and the issuing entity’s rights with respect to payments received under the corridor contract) will consist of two or more REMICs: one or more underlying REMICs and the master REMIC. The assets of the lowest underlying REMIC in this tiered structure will consist of the mortgage loans and any other assets designated in the pooling and servicing agreement. The offered certificates (other than the Class A-R Certificates) will represent beneficial ownership of “regular interests” in the master REMIC identified in the pooling and servicing agreement, a beneficial interest in the right to receive payments of net rate carryover pursuant to the

pooling and servicing agreement and, in the case of the swap certificates, the deemed obligation to make termination payments on the swap contract.

The Class A-R Certificates will represent ownership of both the residual interest in the master REMIC and the residual interest in each underlying REMIC.

The reserve fund trust, the swap trust, the swap contract and the swap account will not constitute any part of any REMIC created under the pooling and servicing agreement.

See “Material Federal Income Tax Consequences” in this prospectus supplement and in the prospectus.

Legal Investment Considerations

The Class 1-AF and Class AV Certificates and the Class MV-1, Class MV-2, Class MV-3 and Class MV-4 Certificates will be “mortgage related securities” for purposes of the Secondary Mortgage Market Enhancement Act of 1984. None of the other classes of offered certificates will be “mortgage related securities” for purposes of the Secondary Mortgage Market Enhancement Act of 1984.

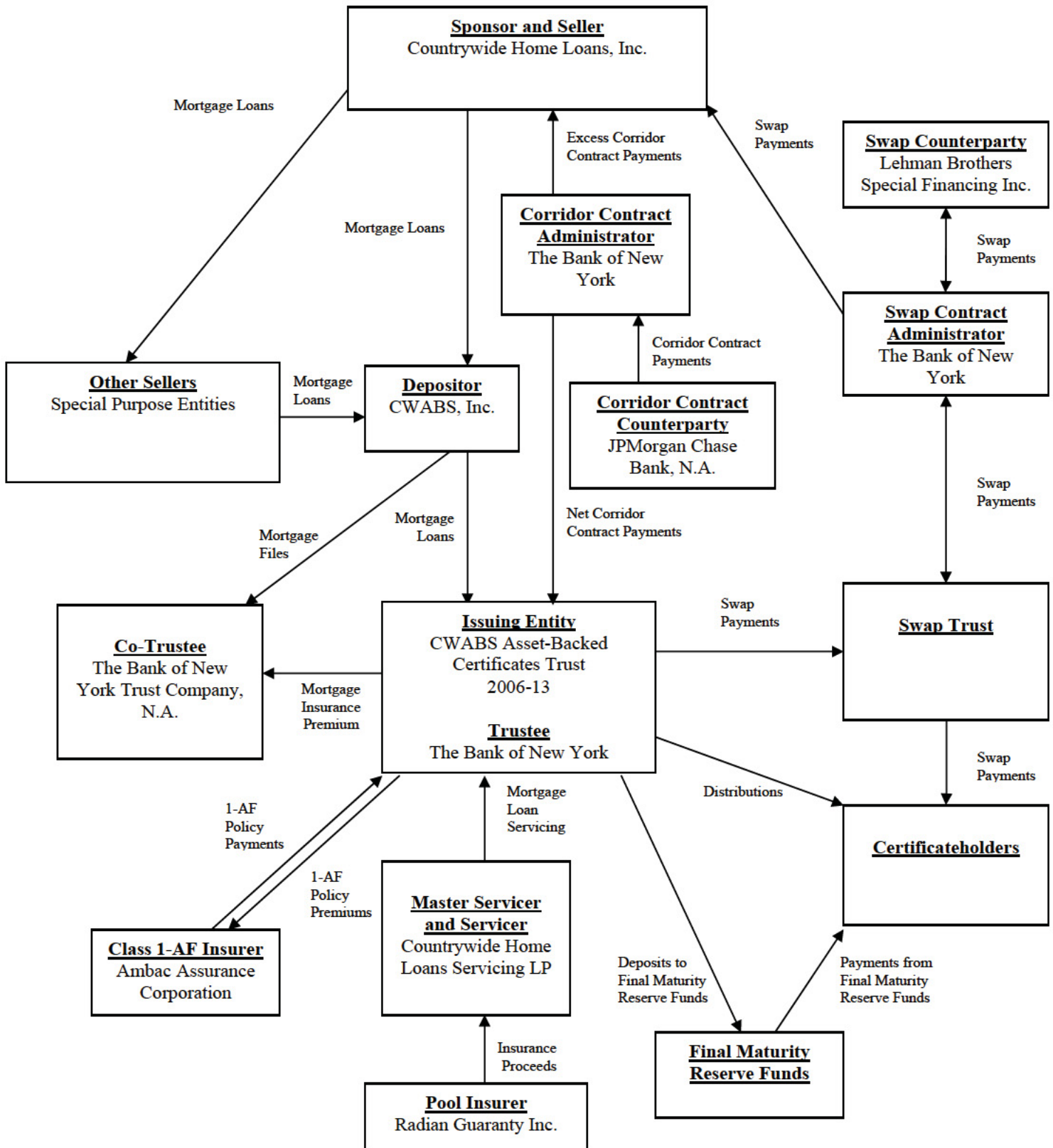
See “Legal Investment” in the prospectus.

ERISA Considerations

The offered certificates (other than the Class A-R Certificates) may be purchased by a pension or other benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended, or Section 4975 of the Internal Revenue Code of 1986, as amended, or by an entity investing the assets of a benefit plan, so long as certain conditions are met. Investors acquiring offered certificates (other than the Class A-R Certificates) with assets of such a plan also will be required to satisfy the requirements of an investor-based class exemption.

See “ERISA Considerations” in this prospectus supplement and in the prospectus.

SUMMARY OF TRANSACTION PARTIES



RISK FACTORS

The following information, which you should carefully consider, identifies certain significant sources of risk associated with an investment in the certificates. You should also carefully consider the information set forth under “Risk Factors” in the prospectus.

**The Certificates are Backed by
Mortgage Loans that Will
Experience Higher Rates of
Delinquency and Loss than
Mortgage Loans Underwritten to
More Traditional Standards**

Countrywide Home Loans, Inc.’s credit blemished mortgage loan underwriting standards are more flexible than the standards generally used by banks for borrowers with non-blemished credit histories with regard to the borrower’s credit standing and repayment ability. Borrowers who qualify generally have impaired credit histories, which may include a record of major derogatory credit items such as outstanding judgments or prior bankruptcies. On a case by case basis, Countrywide Home Loans, Inc. may determine that, based upon compensating factors, a prospective borrower not strictly qualifying under its applicable underwriting risk category guidelines warrants an underwriting exception. It is expected that a significant number of the mortgage loans will have been originated based on underwriting exceptions of these types. As a result of Countrywide Home Loans, Inc.’s underwriting standards, including the origination of mortgage loans based on underwriting exceptions, the mortgage loans in the mortgage pool are likely to experience rates of delinquency, foreclosure and bankruptcy that are higher, and that may be substantially higher, than those experienced by mortgage loans underwritten in a more traditional manner.

**High or Increasing Loan-to-Value
Ratio May Impact Mortgage Loan
Loss and Delinquency Rates More
than Loans Originated Under
More Traditional Standards**

Countrywide Home Loans, Inc.’s underwriting standards do not prohibit a borrower from obtaining, at the time of origination of the originator’s first lien mortgage loan, additional financing which is subordinate to that first lien mortgage loan. This subordinate financing is not reflected in the loan-to-value ratio set forth in this prospectus supplement. High-loan-to-value ratios may make it more difficult for a borrower to make payments under the related mortgage loans. Additionally, values of mortgaged properties may decrease from the time that the mortgage loan is originated, resulting in a higher loan to value ratio. A decrease in value of the mortgaged property may limit the borrower’s ability to refinance the mortgage loan which in turn, may lead to a default on the mortgage loan. Additionally, in either case, the high loan-to-value ratio may have a greater effect on the delinquency, foreclosure, bankruptcy and loss experience of the mortgage loans in the mortgage pool than on mortgage loans originated in a more traditional manner. We cannot assure you that the values of the related mortgaged properties have remained or will remain at the levels in effect on the dates of origination of the related mortgage loans.

Subordinate Certificates have a Greater Risk of Loss because of the Subordination Features; Credit Enhancement May Not Be Sufficient to Protect Senior Certificates from Losses

When certain classes of certificates provide credit enhancement for other classes of certificates this is sometimes referred to as “subordination.” The subordination feature is intended to enhance the likelihood that senior certificateholders will receive regular payments of interest and principal. For purposes of this prospectus supplement, “related subordinate classes” means:

- with respect to the Class AV Certificates, the adjustable rate subordinate certificates, and
- with respect to each class of Certificates having an “MV” designation, (i) each other class of Certificates having an “MV” designation and a higher numerical designation than the class, if any, and (ii) the Class BV Certificates.

The Class 1-AF Certificates will not have any related subordinate classes.

Credit enhancement in the form of subordination will be provided for the certificates (other than the Class 1-AF Certificates), by:

- the right of the holders of the senior certificates (other than the Class 1-AF Certificates) to receive certain distributions prior to the related subordinate classes; and
- the allocation of realized losses on the mortgage loans in loan group 2 and loan group 3 to the related subordinate classes, beginning with the Class BV Certificates.

This type of credit enhancement is provided by:

- using collections on the mortgage loans in a loan group otherwise payable to the holders of the related subordinate classes to pay amounts due on the more senior related classes; and
- allocating realized losses of a particular loan group to the related subordinate certificates, beginning with the related subordinate certificates with the lowest distribution priority, until the certificate principal balance of that subordinate class has been reduced to zero.

This means that after the credit enhancement provided by the pool insurance policy (in the case of loan group 1 only), excess cashflow and overcollateralization (if any) have been exhausted,

- collections otherwise payable to the related subordinate classes will comprise the sole source of funds from which credit enhancement is provided to the certificates that are senior to the related subordinate classes; and

- realized losses on the mortgage loans of a particular loan group will be allocated to the most junior class of related subordinate certificates outstanding, until the respective certificate principal balance of that class of subordinate certificates has been reduced to zero.

If the aggregate certificate principal balance of the subordinate certificates were to be reduced to zero, additional realized losses on the mortgage loans in loan group 2 and loan group 3 will be allocated to the Class AV Certificates as described in this prospectus supplement under “*Description of the Certificates—Applied Realized Loss Amounts.*”

You should fully consider the risks of investing in a subordinate certificate, including the risk that you may not fully recover your initial investment as a result of realized losses. In addition, investors in a class of senior certificates (other than the Class 1-AF Certificates) should consider the risk that, after the credit enhancement provided by related excess cashflow and overcollateralization (if any) have been exhausted, the subordination of the related classes of subordinate certificates may not be sufficient to protect that class of senior certificates from losses.

See “*Description of the Certificates*” in this prospectus supplement.

Overcollateralization and Excess Interest May Not Be Sufficient to Protect Certificates from Losses on the Mortgage Loans

The amount by which the sum of the aggregate stated principal balance of the mortgage loans in a loan group or aggregate group and the amount on deposit in the pre-funding account in respect of the related loan group(s) exceeds the aggregate certificate principal balance of the related classes of certificates is called “overcollateralization.” The mortgage loans in a loan group are expected to generate more interest than is needed to pay interest on the related certificates and, in the case of loan group 2 and loan group 3, to make any net swap payment payable to the swap counterparty, because the weighted average interest rate on those mortgage loans is expected to be higher than the weighted average pass-through rate on these certificates plus the expense fee rate, and, in the case of loan group 1, the Class 1-AF policy premium rate, and, in the case of loan group 2 and loan group 3, the effective rate at which any net swap payments may be payable to the swap counterparty. This “excess interest” from a loan group will be used to make additional principal payments on the related certificates to the extent described in this prospectus supplement. Overcollateralization is intended to provide limited protection to certificateholders by absorbing losses from liquidated mortgage loans in the related loan group. However, we cannot assure you that enough excess interest will be generated on the mortgage loans to create, maintain or restore the required levels of overcollateralization.

The excess interest available on any distribution date will be affected by the actual amount of interest received, collected or advanced in respect of the mortgage loans during the preceding month. The amount of interest received, collected or advanced will be influenced by changes in the weighted average of the mortgage rates resulting from prepayments and liquidations of the mortgage loans as well as from adjustments of the mortgage rates on adjustable rate mortgage loans. Because the amount of excess interest available may vary and because the pass-through rates on the adjustable-rate certificates may increase, it may be necessary to apply

all or a portion of the available interest to cover the interest requirements. As a result, available excess interest may be reduced. Furthermore, a disproportionately high rate of prepayments of high interest rate mortgage loans would have a negative effect on future excess interest.

If the protection afforded by overcollateralization is insufficient and in the case of the Class 1-AF Certificates, the Class 1-AF Insurer were to fail to perform its obligations under the Class 1-AF Policy, then the holders of the Class 1-AF Certificates could experience a loss on their investment.

**Limitations on and Exclusions
from Mortgage Pool Insurance**

Policy.....

On the closing date, a mortgage pool insurance policy with respect to loan group 1 will be acquired from Radian Guaranty Inc. on behalf of the issuing entity. However, the policy is subject to various limitations and exclusions including, for example, losses resulting from fraud and physical damage to the mortgaged property and to certain conditions precedent to payment, such as notices, reports and in the case of the policies, compliance with certain representations and warranties. As a result, coverage under either policy may be denied or limited.

Coverage will not be available under the policy on the mortgage loans in loan group 1 until aggregate losses on those mortgage loans in loan group 1 exceed 3.50% of the aggregate unpaid principal balance of those mortgage loans as of the cut-off date, up to a limit of 7.00% of the aggregate unpaid principal balance of those mortgage loans as of the cut-off date, subject to certain limited conditions and exclusions, which may further reduce the coverage available for the mortgage loans in loan group 1.

The pool insurer also may affect the timing and conduct of foreclosure proceedings and other servicing decisions regarding defaulted mortgage loans covered by the policy.

Under the policy, the amount of the claim generally will include interest to the date of claim settlement. However, the claim must be paid generally within 60 days thereafter. To the extent the servicer is required to continue making monthly advances after the claim is presented but before the claim is paid, reimbursement of these advances will reduce the amount of liquidation proceeds available for distribution to certificateholders.

See “The Mortgage Loan Pool—The Pool Insurance Policy” in this prospectus supplement.

**Ratings on the Class 1-AF
Certificates Are Dependent on the
Creditworthiness of the Class 1-AF
Insurer**

The ratings assigned to the Class 1-AF Certificates by the rating agencies will be based on the ratings assigned to the Class 1-AF Insurer. Any reduction in the ratings assigned to the Class 1-AF Insurer by the rating agencies would result in the reduction of the ratings assigned to the Class 1-AF certificates. A reduction in the ratings assigned to those certificates would likely adversely affect the liquidity and market value of those certificates.

Difference Between Mortgage Rates and Adjustable Certificate Pass-Through Rates May Reduce Excess Interest

The pass-through rates on the adjustable rate certificates may adjust monthly and are generally based on one-month LIBOR. The mortgage rates on the mortgage loans either are fixed or adjust semi-annually based on six-month LIBOR, which is referred to as a mortgage index, but in most cases only after a period of two, three or five years after origination. Because the mortgage index may respond to various economic and market factors different than those affecting one-month LIBOR, there is not necessarily a correlation in movement between the interest rates on those mortgage loans and the pass-through rates of the adjustable rate certificates. For example, it is possible that the interest rates on certain of the adjustable rate mortgage loans may decline while the pass-through rates on the adjustable rate certificates are stable or rising. In addition, although it is possible that both the mortgage rates and certificate pass-through rates may decline or increase during the same period, mortgage rates may decline or increase more slowly than the certificate pass-through rates because of the difference between interest rate adjustment periods and pass-through rate adjustment periods. An increase in the interest rates on certain of the adjustable rate mortgage loans while the pass-through rates on the adjustable rate certificates are stable or rising, could result in less amounts being available as excess interest.

Net Rate Cap Puts a Limit on the Pass-Through Rates of the Certificates

The absence of a correlation between movement in the mortgage rates and the certificate pass-through rates may reduce the interest payable on the related interest-bearing certificates because of the imposition of a pass-through rate cap called the “net rate cap.” In addition, prepayments of mortgage loans in a loan group with relatively higher mortgage rates may reduce the applicable net rate cap and consequently limit the pass-through rate for one or more related classes of interest-bearing certificates. We intend that the amount by which a certificateholder’s interest payment has been reduced by operation of the applicable net rate cap be paid from remaining excess cashflow (if any) as described in this prospectus supplement. The Class 1-AF Policy will not cover any such reductions with respect to the Class 1-AF Certificates. In addition, prior to the corridor contract termination date, the Class 1-AF-1 Certificates will also be entitled to receive the amount of the reduction in interest resulting from the operation of the applicable net rate cap from payments (if any) allocated to the issuing entity in respect of the interest rate corridor contract, as described in this prospectus supplement, and prior to the swap contract termination date, the swap certificates will also be entitled to receive the amount of the reduction in interest resulting from the operation of the applicable net rate cap from any net swap payment allocated to the swap trust to the extent that net payment is available for this purpose in the order described in this prospectus supplement. However, we cannot assure you that any these funds will be available, or sufficient, to make any payments with respect to these reductions.

Payments from the corridor contract and the swap contract are dependent solely upon the performance of the corridor contract counterparty and the swap counterparty, respectively. Thus, payments of these amounts involve counterparty risk. The ratings assigned to the Class 1-AF-1 Certificates do

not take into account any payments received from the corridor contract or the payment of net rate carryover, and the ratings assigned to the swap certificates do not cover the likelihood of the payment of net rate carryover.

Payments from the swap contract are dependent solely upon the performance of the swap counterparty and the swap guarantor. Thus, payments of these amounts involve counterparty risk. The ratings assigned to the swap certificates do not cover the likelihood of the payment of net rate carryover. Investors in these certificates should note that the long-term ratings of the swap guarantor are lower than “AAA.”

Each required deposit into a final maturity reserve fund also may reduce the related net rate cap.

**Considerations Regarding the
Swap Contract**

Any amounts received by the swap contract administrator from the swap counterparty under the swap contract and allocated to the swap trust will be applied as described in this prospectus supplement to pay unpaid interest and net rate carryover, maintain or restore overcollateralization and pay unpaid realized loss amounts, in each case with respect to the swap certificates. However, no amounts will be payable by the swap counterparty unless the floating payment owed by the swap counterparty on a distribution date exceeds the fixed payment owed to the swap counterparty with respect to that distribution date. This will not occur except in periods when one-month LIBOR (as determined pursuant to the swap contract) exceeds 5.650%. We cannot assure you that any amounts will be received under the swap contract, or that any amounts that are received will be sufficient to maintain or restore required overcollateralization or to cover unpaid interest, net rate carryover and losses on the mortgage loans in loan group 2 and loan group 3. Any net payment payable to the swap counterparty under the terms of the swap contract will reduce amounts available for distribution to certificateholders, and may limit the pass-through rates of the swap certificates. In addition, payments due under the swap contract will be based on the lesser of a scheduled notional amount that will decline over time and the aggregate certificate principal balance of the swap certificates. If the rate of prepayments on the mortgage loans in loan group 2 and loan group 3 is slower than anticipated, the schedule on which payments due under the swap contract are calculated may be less than the aggregate certificate principal balance of the swap certificates, thereby decreasing the relative amount of any net swap payment payable by the swap counterparty and allocated to the swap trust to cover the amounts described above. Furthermore, for so long as one-month LIBOR is less than 5.650% (which will be adjusted in cases where the accrual period for the floating rate payment payable by the swap counterparty is not 30 days), available funds with respect to loan group 2 and loan group 3 that would otherwise be available to make distributions on the swap certificates will be used to cover the net swap payments due to the swap counterparty. In addition, any termination payment payable to the swap counterparty (other than a swap termination payment resulting from a swap counterparty trigger event) in the event of early termination of the swap contract will reduce amounts available for distribution to holders of the swap certificates.

Upon early termination of the swap contract, the swap counterparty or the swap contract administrator, may be liable to make a swap termination payment to the other party (regardless of which party caused the

termination). The swap termination payment will be computed in accordance with the procedures set forth in the swap contract. In the event that a swap termination payment is payable to the swap counterparty, other than a swap termination payment resulting from a swap counterparty trigger event, that payment will be paid with respect to the related distribution date, and on any subsequent distribution dates until paid in full, solely from collections on the mortgage loans in loan group 2 and loan group 3 and prior to distributions to holders of the swap certificates. This feature may result in losses on the swap certificates. Due to the priority of the applications of the available funds with respect to loan group 2 and loan group 3, the adjustable rate subordinate certificates will bear the effects of any shortfalls resulting from a net swap payment or swap termination payment to the swap counterparty before those effects are borne by the Class AV certificates and one or more classes of adjustable rate subordinate certificates may suffer a loss as a result of that payment.

To the extent that distributions on the swap certificates depend in part on payments to be received from the swap counterparty, the ability of the trustee to make distributions on those certificates will be subject to the credit risk of the swap counterparty. If a credit rating of the swap counterparty is qualified, reduced or withdrawn and a substitute counterparty is not obtained in accordance with the terms of the swap contract, the ratings of the swap certificates may be qualified, reduced or withdrawn. As a result, the value and marketability of those certificates may be adversely affected. See “*Description of the Certificates—The Swap Contract*” in this prospectus supplement.

Limitations on the Class 1-AF

Policy.....

On each distribution date, investors are entitled to the current interest at the pass-through rate, without reduction for shortfalls resulting from prepayments or the Relief Act or similar state and local laws. However, the Class 1-AF Policy will only cover such current interest on the Class 1-AF Certificates as reduced by such shortfalls.

Prepayments on the Mortgage Loans Are Unpredictable and Could Adversely Affect Your Yield and Reinvestment

No one can accurately predict the level of prepayments that the mortgage loans will experience. The prepayment experience of the mortgage loans may be affected by many factors, including:

- general economic conditions,
- the level of prevailing interest rates,
- the availability of alternative financing,
- the applicability of prepayment charges, and
- homeowner mobility.

Any mortgage loan may be prepaid in full or in part at any time. However, approximately 83.66%, 69.28% and 76.08% of the mortgage loans in the statistical calculation pool in respect of loan group 1, loan group 2 and loan group 3, respectively, in each case by stated principal balance of the mortgage loans in the statistical calculation pool in respect of the related

loan group provide, and any additional or subsequent mortgage loans may provide, for the payment by the borrower of a prepayment charge on certain prepayments during the period of time specified in the related mortgage note. In addition, substantially all of the mortgage loans contain due-on-sale provisions, and the master servicer intends to enforce those provisions unless doing so is not permitted by applicable law or the master servicer, in a manner consistent with reasonable commercial practice, permits the purchaser of the mortgaged property in question to assume the related mortgage loan.

See “The Mortgage Pool” and “Yield, Prepayment and Maturity Considerations” in this prospectus supplement and “Certain Legal Aspects of the Loans — Due-on-Sale Clauses” in the prospectus for a description of certain provisions of the mortgage loans that may affect their prepayment experience.

The weighted average lives of the offered certificates will be sensitive to the rate and timing of principal payments (including prepayments) on the mortgage loans in the related loan group, which may fluctuate significantly from time to time, and will be affected by any prepayment resulting from the distribution of amounts (if any) on deposit in the pre-funding account after the end of the funding period.

You should note that:

- generally, if you purchase your certificates at a discount and principal is repaid on the mortgage loans in the related loan group slower than you anticipate, then your yield may be lower than you anticipate,
- for the adjustable rate certificates, your yield will also be sensitive to:
 - (1) the level of one-month LIBOR,
 - (2) the timing of adjustment of the pass-through rate on your certificate as it relates to the interest rates on the applicable mortgage loans and, in the case of the adjustable rate mortgage loans, the level of the mortgage index, the timing of adjustment of the interest rates on those mortgage loans, and periodic and lifetime limits on those adjustments,
 - (3) other limitations on the pass-through rates of the adjustable rate certificates as described further in this prospectus supplement, and
 - (4) in the case of the swap certificates, the level of one-month LIBOR relative to the fixed rate at which the payment made to the swap counterparty is calculated.

- your yield will also be sensitive to whether deposits into the final maturity reserve fund relating to your certificates are required, and
- you bear the reinvestment risks resulting from a faster or slower rate of principal payments than you expect.

See “Yield, Prepayment and Maturity Considerations” in this prospectus supplement.

Your Yield Will Be Affected by the Interest-Only Feature of Some of the Mortgage Loans

Approximately 7.56%, 8.33% and 35.02% of the mortgage loans in the statistical calculation pool in respect of loan group 1, loan group 2 and loan group 3, respectively, in each case by stated principal balance of the mortgage loans in the statistical calculation pool in respect of the related loan group require, and any subsequent mortgage loans may require, monthly payments of only accrued interest for the first two, three or five years after origination. The borrower is not required to pay any principal on the borrower’s loan during this interest-only period but thereafter is required to make monthly payments sufficient to amortize the loan over its remaining term. These loans are sometimes referred to as interest-only loans. Interest-only loans have only recently been originated in significant volumes. As a result, the long-term performance characteristics of interest-only loans are largely unknown.

Because interest-only loans initially require only the payment of interest, a borrower may be able to borrow a larger amount than would have been the case for a fully amortizing mortgage loan.

Interest-only loans may have risks and payment characteristics that are not present with fully amortizing mortgage loans, including the following:

- no principal distributions will be made to certificateholders from interest-only loans during their interest-only period except in the case of a prepayment, which may extend the weighted average lives of the certificates,
- during the interest-only period, interest-only loans may be less likely to be prepaid since the perceived benefits of refinancing may be less than with a fully amortizing mortgage loan,
- as the end of the interest-only period approaches, an interest-only loan may be more likely to be refinanced in order to avoid the increase in the monthly payment required to amortize the loan over its remaining term,
- interest-only loans may be more likely to default than fully amortizing loans at the end of the interest-only period due to the increased monthly payment required to amortize the loan over its remaining term, and
- if an interest-only loan defaults, the severity of loss may be greater due to the larger unpaid principal balance.

**Your Yield Will Be Affected By
The Inclusion of 40-Year Mortgage
Loans.....**

Approximately 20.67%, 21.78% and 15.47% of the mortgage loans in the statistical calculation pool in respect of loan group 1, loan group 2 and loan group 3, respectively, in each case by stated principal balance of the mortgage loans in the statistical calculation pool in respect of the related loan group, have original terms to maturity of 40 years. Loans with those terms have only begun to be originated recently. As a result, there is no basis on which to predict the performance characteristics of these mortgage loans.

The longer term to maturity of 40-year mortgage loans results in a lower monthly payment than would be required by a traditional 30-year mortgage loan. The lower monthly payment may allow the borrower to borrow a larger amount than would have been the case for a mortgage loan with a 30-year term to maturity.

In running the prepayment scenarios required by the rating agencies that are expected to provide ratings on the offered certificates, all of the offered certificates are assumed to mature within 30 years. However, due to the inclusion of 40-year mortgage loans in the mortgage pool, there is no guarantee that the certificates will be fully paid within 30 years.

40-year mortgage loans may have risks and payment characteristics that are not present with traditional 30-year mortgage loans, including the following:

- less principal will be distributed to certificateholders on a monthly basis (except in the case of a prepayment) which may extend the weighted average lives of the certificates,
- due to the smaller monthly payment, 40-year mortgage loans may be less likely to be prepaid since the perceived benefits of refinancing may be less than with a 30-year fully amortizing mortgage loan, and
- if a mortgage loan with a 40-year amortization term defaults, the severity of loss is likely to be greater due to the larger unpaid principal balance.

However, amounts on deposit in the final maturity reserve funds will be used to make distributions to the related offered certificates starting on the distribution date in January 2037. In addition, the final scheduled distribution date for purposes of the Class 1-AF Policy is the distribution date in January 2037.

**Hurricane Katrina May Pose
Special Risks.....**

At the end of August 2005, Hurricane Katrina caused catastrophic damage to areas in the Gulf Coast region of the United States. Countrywide Home Loans, Inc. will represent and warrant as of the closing date that each mortgaged property (including each mortgaged property located in the areas affected by Hurricane Katrina) is free of material damage and in good repair. In the event of a breach of that representation and warranty, Countrywide Home Loans, Inc. will be obligated to repurchase or substitute for the related mortgage loan. Any such repurchase would have the effect of increasing the rate of principal payment on the certificates. Any damage

to a mortgaged property that secures a mortgage loan in the issuing entity occurring after the closing date as a result of any other casualty event will not cause a breach of this representation and warranty.

The full economic impact of Hurricane Katrina is uncertain but may affect the ability of borrowers to make payments on their mortgage loans. Initial economic effects appear to include:

- localized areas of nearly complete destruction of the economic infrastructure and cessation of economic activity,
- regional interruptions in travel and transportation, tourism and economic activity generally, and
- nationwide decreases in petroleum availability with a corresponding increase in price.

We have no way to determine whether other effects will arise, how long any of these effects may last, or how these effects may impact the performance of the mortgage loans. Any impact of these events on the performance of the mortgage loans may increase the amount of losses borne by the holders of the certificates or impact the weighted average lives of the certificates.

**Geographic Concentration of
Mortgaged Properties in Certain
States Increases the Impact that
Events in Those States Could Have
On The Certificates**

The tables in Annex A related to the state distribution of the mortgaged properties for the various groups of mortgage loans in the statistical calculation pool set forth the geographic concentration of the mortgaged properties, including the percentage by stated principal balance of the mortgage loans in the statistical calculation pool in each loan group, that are secured by mortgaged properties that are located in states with concentrations above 10%. Property in California may be more susceptible than homes located in other parts of the country to certain types of uninsurable hazards, such as earthquakes, floods, mudslides and other natural disasters, and property in Florida and the southeastern portion of the United States is also more susceptible than homes located in other parts of the country to certain types of uninsurable hazards, such as hurricanes, floods and other natural disasters. In addition:

- economic conditions in states with significant concentrations (which may or may not affect real property values) may affect the ability of borrowers to repay their loans,
- declines in the residential real estate markets in states with significant concentrations may reduce the values of properties located in those states, which would result in an increase in the loan-to-value ratios, and
- any increase in the market value of properties located in states with significant concentrations would reduce the loan-to-value ratios and could, therefore, make alternative sources of financing available to the borrowers at lower interest rates, which could result in an increased rate of prepayment of the mortgage loans.

**Inability to Replace Servicer Could
Affect Collections and Recoveries
on the Mortgage Loans.....**

The structure of the master servicing fee might affect the ability to find a replacement master servicer. Although the trustee is required to replace the master servicer if the master servicer is terminated or resigns, if the trustee is unwilling (including for example because the master servicing fee is insufficient) or unable (including for example, because the trustee does not have the systems to service mortgage loans), it may be necessary to appoint a replacement master servicer. Because the master servicing fee is structured as a percentage of the stated principal balance of each mortgage loan, it may be difficult to replace the master servicer at a time when the balance of the mortgage loans has been significantly reduced because the fee may be insufficient to cover the costs associated with servicing the credit blemished mortgage loans and related REO properties remaining in the pool. The performance of the mortgage loans may be negatively impacted, beyond the expected transition period during a servicing transfer, if a replacement master servicer is not retained within a reasonable amount of time.

**You May Receive A Prepayment
Because Subsequent Mortgage
Loans Are Not Acquired**

The ability of the issuing entity to acquire subsequent mortgage loans will depend on the ability of Countrywide Home Loans, Inc. to originate or acquire mortgage loans, if necessary, during the funding period that meet the eligibility criteria for subsequent mortgage loans as described in this prospectus supplement. The ability of Countrywide Home Loans, Inc. to originate or acquire loans for subsequent transfer will be affected by a number of factors including prevailing interest rates, employment levels, the rate of inflation and economic conditions generally.

If the full amount of any deposit in the pre-funding account cannot be used by the end of the funding period to acquire subsequent mortgage loans, the amount remaining on deposit in the pre-funding account will be distributed to the holders of the related senior certificates as a prepayment of principal on the distribution date immediately following the end of the funding period. We cannot assure you of the magnitude of any amount on deposit in the pre-funding account at the end of the funding period.

**Rights of the NIM Insurer Limit
Your Control and NIM Insurer
Actions May Negatively
Affect You**

If there is a NIM Insurer, pursuant to the pooling and servicing agreement, unless the NIM Insurer fails to make a required payment under the policy insuring the net interest margin securities and the failure is continuing or the NIM Insurer is the subject of a bankruptcy proceeding, referred to as a “NIM Insurer Default”, the NIM Insurer will be entitled to exercise, among others, the following rights without the consent of holders of the offered certificates, and the holders of the offered certificates may exercise these rights only with the prior written consent of the NIM Insurer:

- the right to provide notices of master servicer defaults and the right to direct the trustee to terminate the rights and obligations of the master servicer under the pooling and servicing agreement upon a default by the master servicer,

- the right to remove the trustee or any co-trustee or custodian pursuant to the pooling and servicing agreement, and
- the right to direct the trustee to make investigations and take actions pursuant to the pooling and servicing agreement.

In addition, unless a NIM Insurer Default exists, the NIM Insurer's consent will be required before, among other things,

- any removal of the master servicer, any successor servicer or the trustee and any appointment of any co-trustee,
- any otherwise permissible waivers of prepayment charges or extensions of due dates for payment granted by the master servicer with respect to more than 5% of the mortgage loans, or
- any amendment to the pooling and servicing agreement.

Investors in the offered certificates should note that:

- the rights granted to the NIM Insurer are extensive,
- the interests of the NIM Insurer may be inconsistent with, and adverse to, the interests of the holders of the offered certificates, and the NIM Insurer has no obligation or duty to consider the interests of the offered certificates in connection with the exercise or nonexercise of the NIM Insurer's rights,
- the NIM Insurer's exercise of its rights and consents may negatively affect the offered certificates and the existence of the NIM Insurer's rights, whether or not exercised, may adversely affect the liquidity of the offered certificates, relative to other securities backed by comparable mortgage loans and with comparable payment priorities and ratings, and
- any insurance policy issued by the NIM Insurer will not cover, and will not benefit in any manner whatsoever, the offered certificates.

See "Description of the Certificates — Rights of the NIM Insurer Under the Pooling and Servicing Agreement" in this prospectus supplement.

Some statements contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus consist of forward-looking statements relating to future economic performance or projections and other financial items. These statements can be identified by the use of forward-looking words such as "may," "will," "should," "expects," "believes," "anticipates," "estimates," or other comparable words. Forward-looking statements are subject to a variety of risks and uncertainties that could cause actual results to differ from the projected result. Those risks and uncertainties include, among others, general economic and business conditions, regulatory initiatives and compliance with governmental regulations, customer preferences and various other matters, many of which are beyond our control. Because we cannot predict the future, what actually happens may be very different from what we predict in our forward-looking statements.

THE MORTGAGE POOL

General

Set forth below and in Annex A to this prospectus supplement is certain statistical information based on scheduled principal balances as of July 1, 2006, which is the “**Statistical Calculation Date**,” concerning a pool of mortgage loans that CWABS, Inc. (the “**Depositor**”) believes is representative of the mortgage loans to be included in the issuing entity. This pool of mortgage loans is referred to as the “**Statistical Calculation Pool**,” and the mortgage loans are referred to as the “**Statistical Calculation Pool Mortgage Loans**.” The Statistical Calculation Pool consists of 6,233 Mortgage Loans and is comprised of Mortgage Loans that bear interest at fixed rates, referred to as “**Fixed Rate Mortgage Loans**,” and adjustable rates, referred to as “**Adjustable Rate Mortgage Loans**.” The aggregate Stated Principal Balance of the Mortgage Loans included in the Statistical Calculation Pool as of the Statistical Calculation Date is approximately \$1,279,873,271 (the “**Statistical Calculation Date Pool Principal Balance**”), of which approximately \$514,447,329 constitute Loan Group 1 Mortgage Loans, approximately \$326,984,273 constitute Loan Group 2 Mortgage Loans and approximately \$438,441,670 constitute Loan Group 3 Mortgage Loans. The Statistical Calculation Pool is smaller than the pool of mortgage loans (the “**Initial Mortgage Loans**”) to be included in the issuing entity on the Closing Date (the “**Initial Mortgage Pool**”). It is expected that additional Mortgage Loans will be included in the Initial Mortgage Pool on the Closing Date and that certain of the Statistical Calculation Pool Mortgage Loans may prepay in part or in full prior to the Closing Date, or may be determined not to meet the eligibility criteria requirements for the Initial Mortgage Pool and therefore may not be included in the Initial Mortgage Pool. As a result of the foregoing, the statistical distribution of characteristics for the Initial Mortgage Pool will vary from the statistical distribution of the characteristics of the Statistical Calculation Pool as presented in this prospectus supplement, although certain characteristics of the Initial Mortgage Loans in each Loan Group will not vary by more than the permitted variance specified in the tables below.

Loan Group 1 **Characteristic**

		Permitted Variance
Weighted Average Mortgage Rate	7.625%	±0.10%
Weighted Average Original Loan-to-Value Ratio	74.34%	±3.00%
Weighted Average Credit Bureau Risk Score	620 points	±5 points
Percentage Originated under Full Doc Program	73.70%	±3.00%
Maximum Concentration of Mortgage Loans with Mortgaged Properties in the State of California.....	35.00%	N/A

Loan Group 2 **Characteristic**

		Permitted Variance
Weighted Average Mortgage Rate	8.392%	±0.10%
Weighted Average Original Loan-to-Value Ratio	78.03%	±3.00%
Weighted Average Credit Bureau Risk Score	598 points	±5 points
Percentage Originated under Full Doc Program	63.75%	±3.00%
Weighted Average Gross Margin of Adjustable Rate Mortgage Loans	6.640%	±0.10%
Maximum Concentration of Mortgage Loans with Mortgaged Properties in the State of California.....	50.00%	N/A

Loan Group 3 **Characteristic**

		Permitted Variance
Weighted Average Mortgage Rate	8.317%	±0.10%
Weighted Average Original Loan-to-Value Ratio	79.43%	±3.00%
Weighted Average Credit Bureau Risk Score	617 points	±5 points
Percentage Originated under Full Doc Program	53.44%	±3.00%
Weighted Average Gross Margin of Adjustable Rate Mortgage Loans	7.241%	±0.10%
Maximum Concentration of Mortgage Loans with Mortgaged Properties in the State of California.....	50.00%	N/A

Further statistical information regarding the Statistical Calculation Pool Mortgage Loans is set forth in Annex A hereto. Unless otherwise indicated, information presented below expressed as a percentage (other than rates of interest) are approximate percentages based on the Statistical Calculation Date Pool Principal Balance.

A detailed description (the “**Detailed Description**”) of the pool of conventional, credit blemished mortgage loans (the “**Initial Mortgage Loans**”) to be included in the issuing entity on the Closing Date (the “**Initial Mortgage Pool**”) will be filed on Form 8-K with the Securities and Exchange Commission (the “**SEC**”) after the Closing Date. Additionally, in accordance with applicable securities laws, if there are material changes in characteristics of the Initial Mortgage Pool, the Depositor will file on Form 8-K with the SEC additional information related to those material changes. The Detailed Description will specify the aggregate of the Stated Principal Balances of the Initial Mortgage Loans included in the Initial Mortgage Pool as of the later of (x) July 1, 2006 and (y) the date of origination of each such Initial Mortgage Loan (the “**Initial Cut-off Date**”). The aggregate of the Stated Principal Balances of these Initial Mortgage Loans is referred to as the “**Initial Cut-off Date Pool Principal Balance**” and the Stated Principal Balance of any Initial Mortgage Loan as of the Initial Cut-off Date is referred to as the “**Initial Cut-off Date Principal Balance**.” The Detailed Description will include for the Initial Mortgage Loans, the information in the same categories that are presented in Annex A with respect to the Statistical Calculation Pool.

All of the Mortgage Loans to be included in the issuing entity will be evidenced by promissory notes (the “**Mortgage Notes**”). The Mortgage Notes will be secured by first lien deeds of trust, security deeds or mortgages on one- to four-family residential properties (the “**Mortgaged Properties**”). The Mortgaged Properties in the Statistical Calculation Pool are located in 50 states and the District of Columbia. Each Mortgage Loan in the issuing entity will be assigned to one of three mortgage loan groups (“**Loan Group 1**”, “**Loan Group 2**” and “**Loan Group 3**,” and each a “**Loan Group**”). Loan Group 1 will consist of first lien fixed rate mortgage loans, Loan Group 2 will consist of first lien conforming balance fixed and adjustable rate mortgage loans and Loan Group 3 will consist of first lien fixed and adjustable rate mortgage loans.

Except for balloon loans and interest only mortgage loans during their respective interest only periods, the Mortgage Loans to be included in the issuing entity will provide for the full amortization of the amount financed over a series of monthly payments, and a substantial majority of the Mortgage Loans are expected to provide for payments due as of the first day of each month. The Mortgage Loans to be included in the issuing entity will have been originated or purchased by Countrywide Home Loans, Inc. (“**Countrywide Home Loans**” or a “**Seller**”) and will have been originated substantially in accordance with Countrywide Home Loans’ underwriting criteria for credit blemished mortgage loans described in this prospectus supplement under “— *Underwriting Standards — Credit Blemished Mortgage Loans.*” Credit blemished mortgage loans are generally mortgage loans made to borrowers with credit difficulties.

Scheduled monthly payments made by the borrowers on the Mortgage Loans (“**Scheduled Payments**”) either earlier or later than the scheduled due dates thereof will not affect the amortization schedule or the relative application of the payments to principal and interest. All of the Mortgage Notes will provide for a fifteen (15) day grace period for monthly payments. A Scheduled Payment with respect to a Mortgage Loan is generally considered “delinquent” if the borrower fails to make the Scheduled Payment prior to the due date occurring immediately after the due date on which the Scheduled Payment was originally due. None of the Mortgage Loans will be one payment or more delinquent on a contractual basis as of the related Cut-off Date.

Any Mortgage Loan may be prepaid in full or in part at any time; however, approximately 83.66%, 69.28% and 76.08% of the Mortgage Loans in the Statistical Calculation Pool in respect of Loan Group 1, Loan Group 2 and Loan Group 3, respectively, in each case by Stated Principal Balance of the Mortgage Loans in the Statistical Calculation Pool in respect of the related Loan Group, and any Subsequent Mortgage Loans may, provide for the payment by the borrower of a prepayment charge on certain prepayments made with respect to the Mortgage Loans. Generally, a prepayment charge will apply, in the case of a Fixed Rate Mortgage Loan, to prepayments made within five years from the date of execution of the related Mortgage Note and, in the case of an Adjustable Rate Mortgage Loan, to prepayments made prior to the first Adjustment Date for that Mortgage Loan. In general, the related Mortgage Note will provide that a prepayment charge will apply if, during the applicable period, the borrower prepays the Mortgage Loan in full. The amount of the prepayment charge will generally be equal to six months’ advance interest calculated on the basis of the Mortgage Rate in effect at the time of the prepayment on the amount prepaid in excess of 20% of the original balance of the Mortgage Loan. The “**Mortgage Rate**” with respect to a

Mortgage Loan is the annual rate of interest borne by the Mortgage Loan pursuant to the terms of the related Mortgage Note, except as provided below with respect to Fixed Rate Credit Comeback Loans.

The Mortgage Loans will be selected from among the outstanding one- to four-family mortgage loans in the applicable Seller's portfolio which meet the criteria described in this prospectus supplement. No selection will be made in a manner that would adversely affect the interests of certificateholders or the Class 1-AF Insurer.

Countrywide Home Loans will make all of the representations specified in the prospectus under "*Loan Program — Representations by Sellers; Repurchases*" with respect to all of the Mortgage Loans. Each other Seller will be a special purpose entity established by Countrywide Financial Corporation or one of its subsidiaries and will sell mortgage loans that were previously acquired from Countrywide Home Loans. Consequently, each Seller other than Countrywide Home Loans will only represent that immediately prior to the assignment of the Mortgage Loans to be sold by it to the Depositor, the Seller had good title to, and was the sole owner of, those Mortgage Loans free and clear of any pledge, lien, encumbrance or security interest and had full right and authority, subject to no interest or participation of, or agreement with, any other party, to sell and assign the Mortgage Loans pursuant to the Pooling and Servicing Agreement. In addition, the Depositor will represent that following the transfer of the Mortgage Loans to it by the Sellers, the Depositor had good title to the Mortgage Loans and that each of the Mortgage Notes was subject to no offsets, claims, defenses or counterclaims.

Additional Information Regarding the Fixed Rate Mortgage Loans. The Fixed Rate Mortgage Loans will include "**credit comeback loans**" that provide borrowers the potential of four Mortgage Rate reductions for good payment history during any one or more of the first four consecutive twelve-month periods following the origination date of the loan ("**Fixed Rate Credit Comeback Loans**"). The Fixed Rate Credit Comeback Loan payment history is evaluated in the twelfth month of each twelve-month period. If the Fixed Rate Credit Comeback Loan borrower makes Scheduled Payments in full during a twelve-month period with a maximum of one late payment (which, however, cannot be in the twelfth month of the period) the Fixed Rate Credit Comeback Loan is eligible for a 0.375% per annum reduction on the current mortgage rate.

However, for purposes of all payments made on the Certificates, including the calculation of each applicable Net Rate Cap as well as other Mortgage Rate calculations, the Mortgage Rate on each Fixed Rate Credit Comeback Loan will be deemed to be reduced by 0.375% on the Due Date following the end of each of the first four annual periods after the origination date, irrespective of whether the borrower qualifies for the reduction by having a good payment history. Any interest received in excess of the interest received as a result of this deemed reduction, referred to as the "Credit Comeback Excess Amount," will be deposited in the Credit Comeback Excess Account and used to pay certificateholders as described below under "*Description of the Certificates — Credit Comeback Excess Account*" below. It is expected that no more than approximately 20.91%, 2.57% and 2.95% of the Initial Mortgage Loans in Loan Group 1, Loan Group 2 and Loan Group 3, in each case by Stated Principal Balance of the Mortgage Loans in the respective Loan Group will be Fixed Rate Credit Comeback Loans.

Certain of the Fixed Rate Mortgage Loans in the Statistical Calculation Pool are Fixed 30-Year Interest-Only Loans. A "**Fixed 30-Year Interest-Only Loan**" has only interest due for approximately 60 months after its origination before amortization of the principal balance is required.

Additional Information Regarding the Adjustable Rate Mortgage Loans. Each of the Adjustable Rate Mortgage Loans will have a Mortgage Rate which is subject to adjustment on the first day of the months specified in the related Mortgage Note, referred to as an "**Adjustment Date**"), to equal the sum, rounded to the nearest 0.125%, of:

(1) the average of the interbank offered rates for six-month U.S. dollar-denominated deposits in the London market, as set forth in *The Wall Street Journal*, or, if the rate becomes unavailable for any reason, then based upon a new index selected by the Master Servicer based on comparable information, in each case as most recently announced as of a date generally 45 days prior to the Adjustment Date (the "**Mortgage Index**"), and

(2) a fixed percentage amount specified in the related Mortgage Note (the "**Gross Margin**");

provided, however, that the Mortgage Rate for any Adjustable Rate Mortgage Loan will not increase or decrease on its initial Adjustment Date by more than a certain specified percentage (the “**Initial Periodic Rate Cap**”), or on any subsequent Adjustment Date by more than a certain specified percentage (the “**Subsequent Periodic Rate Cap**”). The Initial Periodic Rate Cap and Subsequent Periodic Rate Cap for any Adjustable Rate Mortgage Loan will be specified in the related Mortgage Note. Substantially all of the Adjustable Rate Mortgage Loans will have been originated with Mortgage Rates less than the sum of the then-current Mortgage Index and the related Gross Margin.

“**Two-Year Hybrid Mortgage Loans**”, “**Three-Year Hybrid Mortgage Loans**” and “**Five-Year Hybrid Mortgage Loans**” (collectively, “**Hybrid Mortgage Loans**”) have fixed Mortgage Rates for approximately 24, 36 and 60 months, respectively, after their origination before the fixed Mortgage Rates become subject to adjustment based on the Mortgage Index described in the immediately preceding paragraph. Substantially all of the Adjustable Rate Mortgage Loans in the Statistical Calculation Pool are Hybrid Mortgage Loans.

It is expected that substantially all of the Adjustable Rate Mortgage Loans will provide that, over the life of each Adjustable Rate Mortgage Loan, the Mortgage Rate will in no event be more than the initial Mortgage Rate plus a maximum added margin, generally between 4.000% and 10.000% (the sum of that initial Mortgage Rate plus the maximum added margin being referred to as the “**Maximum Mortgage Rate**”), as provided in the related Mortgage Note, and will in no event be less than a minimum Mortgage Rate (the “**Minimum Mortgage Rate**”) specified in the related Mortgage Note.

In addition, certain of the Hybrid Mortgage Loans in the Statistical Calculation Pool require only payments of interest during a specified period of time following origination.

Loan-to-Value Ratio. The “**Loan-to-Value Ratio**” of a Mortgage Loan is equal to:

- (1) the principal balance of the Mortgage Loan at the date of origination, divided by
- (2) the Collateral Value of the related Mortgaged Property.

The “**Collateral Value**” of a Mortgaged Property is the lesser of:

- (1) the appraised value based on an appraisal made for Countrywide Home Loans by an independent fee appraiser at the time of the origination of the related Mortgage Loan, and
- (2) the sales price of the Mortgaged Property at the time of origination.

With respect to a Mortgage Loan the proceeds of which were used to refinance an existing mortgage loan, the Collateral Value is the appraised value of the Mortgaged Property based upon the appraisal obtained at the time of refinancing.

Stated Principal Balance. “**Stated Principal Balance**” means, for any Mortgage Loan and (1) the Initial Cut-off Date or the Subsequent Cut-off Date, as applicable (the “**Cut-off Date**”), the unpaid principal balance of the Mortgage Loan as of the Cut-Off Date, as specified in its amortization schedule at the time (before any adjustment to the amortization schedule for any moratorium or similar waiver or grace period), after giving effect to any partial prepayments and Liquidation Proceeds received prior to the Cut-Off Date and to the payment of principal due on the Cut-Off Date and irrespective of any delinquency in payment by the related borrower or (2) any Distribution Date, the Stated Principal Balance of the Mortgage Loan as of its Cut-off Date, minus the sum of (i) the principal portion of any Scheduled Payments due with respect to the Mortgage Loan on or prior to the end of the most recent Due Period that were received by the Master Servicer on or prior to the most recent Determination Date or were advanced by the Master Servicer on or prior to the most recent Master Servicer Advance Date, (ii) principal prepayments with respect to the Mortgage Loan received on or prior to the end of the most recent prepayment period (the period from the 16th day of the month prior to a Distribution Date (or, in the case of the first Distribution Date, from the Cut-off Date) to and including the 15th day of the month in which the Distribution Date occurs (each a “**Prepayment Period**”)) and (iii) Liquidation Proceeds received by the Master Servicer prior to the end of the most recent Due Period to the extent applied as recoveries of principal with respect to the Mortgage Loan. The Stated Principal Balance of any Mortgage Loan as to which the related Mortgaged Property has been liquidated and as to

which a Final Recovery Determination has been made will be zero on each date following the Due Period in which the Final Recovery Determination is made. When used with respect to the Mortgage Pool, Stated Principal Balance means the aggregate Stated Principal Balance of all Mortgage Loans in the Mortgage Pool. When used with respect to a Loan Group, Stated Principal Balance means the aggregate Stated Principal Balance of all Mortgage Loans in the Loan Group. A “**Determination Date**” means with respect to any Distribution Date, the 15th day of the month of the Distribution Date or, if the 15th day is not a Business Day, the immediately preceding Business Day.

Assignment of the Mortgage Loans

Pursuant to the pooling and servicing agreement dated as of July 1, 2006 (the “**Pooling and Servicing Agreement**”), among the Depositor, the Master Servicer, the Sellers, The Bank of New York, as trustee (the “**Trustee**”) and The Bank of New York Trust Company, N.A., as co-trustee (the “**Co-Trustee**”), the Depositor on the Closing Date will sell, transfer, assign, set over and otherwise convey without recourse to the Trustee in trust for the benefit of the certificateholders and the Class 1-AF Insurer, all right, title and interest of the Depositor in and to each Initial Mortgage Loan and all right, title and interest in and to all other assets included in the issuing entity, including all principal and interest received on or with respect to the Initial Mortgage Loans after the Initial Cut-off Date (exclusive of any scheduled principal due on or prior to the Initial Cut-off Date and any interest accruing prior to the Initial Cut-off Date) and the Pre-Funded Amount, if any, deposited in the Pre-Funding Account on the Closing Date.

In connection with the transfer and assignment of the Mortgage Loans, the Depositor will deliver the following documents to the Co-Trustee (collectively constituting the “**Mortgage File**”) with respect to each Initial Mortgage Loan and each Subsequent Mortgage Loan, if any (collectively, the “**Mortgage Loans**”):

- (1) the original Mortgage Note, endorsed by manual or facsimile signature in blank in the following form: “Pay to the order of _____ without recourse”, with all intervening endorsements that show a complete chain of endorsement from the originator to the person endorsing the Mortgage Note, or, if the original Mortgage Note has been lost or destroyed and not replaced, an original lost note affidavit, stating that the original Mortgage Note was lost or destroyed, together with a copy of the related Mortgage Note and all such intervening endorsements,
- (2) the original recorded Mortgage or a copy thereof with recording information,
- (3) a duly executed assignment of the Mortgage to “Asset-Backed Certificates, Series 2006-13, CWABS, Inc., by The Bank of New York, a New York banking corporation, as trustee under the Pooling and Servicing Agreement dated as of July 1, 2006, without recourse,” in recordable form, or a copy thereof with recording information as described in the Pooling and Servicing Agreement,
- (4) the original recorded assignment or assignments of the Mortgage or a copy of such assignments, with recording information, together with all interim recorded assignments of such Mortgage or a copy of such assignments, with recording information,
- (5) the original or copies of each assumption, modification, written assurance or substitution agreement, if any, and
- (6) the original or duplicate original lender’s title policy and all riders thereto or a copy of lender’s title policy and all riders thereto or a printout of the electronic equivalent and all riders thereto or, in the event such original title policy has not been received from the insurer, such original or duplicate original lender’s title policy and all riders thereto will be delivered within one year of the Closing Date.

Notwithstanding the foregoing, in lieu of providing the documents set forth in clauses (3) and (4) above, the Depositor may at its discretion provide evidence that the related Mortgage is held through the MERS® System. In addition, the Mortgages for some or all of the Mortgage Loans in the issuing entity that are not already held through the MERS® System may, at the discretion of the Master Servicer, in the future be held through the MERS® System. For any Mortgage held through the MERS® System, the Mortgage is recorded in the name of Mortgage Electronic

Registration Systems, Inc., or MERS®, as nominee for the owner of the Mortgage Loan, and subsequent assignments of the Mortgage were, or in the future may be, at the discretion of the Master Servicer, registered electronically through the MERS® System. For each of these Mortgage Loans, MERS® serves as mortgagee of record on the Mortgage solely as a nominee in an administrative capacity on behalf of the Trustee, and does not have any interest in the Mortgage Loan.

Pursuant to the Pooling and Servicing Agreement, the Depositor will be required to deliver (or cause delivery of) the Mortgage Files:

- (A) not later than the Closing Date, with respect to at least 50% of the Initial Mortgage Loans, and not later than the relevant Subsequent Transfer Date, with respect to at least 10% of the Subsequent Mortgage Loans conveyed on any related Subsequent Transfer Date,
- (B) not later than twenty days after the Closing Date, with respect to at least an additional 40% of the Initial Mortgage Loans, and not later than twenty days after the relevant Subsequent Transfer Date with respect to the remaining Subsequent Mortgage Loans conveyed on any related Subsequent Transfer Date, and
- (C) not later than thirty days after the Closing Date, with respect to the remaining Initial Mortgage Loans.

Assignments of the Mortgage Loans to the Trustee (or its nominee) will be recorded in the appropriate public office for real property records, except in states as to which an opinion of counsel is delivered to the effect that the recording is not required to protect the Trustee's interests in the Mortgage Loan against the claim of any subsequent transferee or any successor to or creditor of the Depositor or the applicable Seller. As to any Mortgage Loan, the recording requirement exception described in the preceding sentence is applicable only so long as the related Mortgage File is maintained in the possession of the Co-Trustee in one of the states to which the exception applies. In the event an assignment is delivered to the Trustee in blank and the related Mortgage File is released by the Trustee pursuant to applicable provisions of the Pooling and Servicing Agreement, the Trustee will complete the assignment as provided in subparagraph (3) above prior to the release. If the assignment of the Mortgage Loan is required to be recorded to protect the interest of the Trustee in the Mortgage Loans, the Master Servicer is required to cause each previously unrecorded assignment to be submitted for recording.

The Co-Trustee will review the Initial Mortgage Loan documents on or prior to the Closing Date (or promptly after the Co-Trustee's receipt of any document permitted to be delivered after the Closing Date), and the Subsequent Mortgage Loan documents promptly after the Co-Trustee's receipt thereof on or after the related Subsequent Transfer Date as described above, and the Co-Trustee will hold the Mortgage Loan documents in trust for the benefit of the holders of the Certificates in accordance with its customary procedures, including storing the documents in fire-resistant facilities. After review of the Mortgage Loan documents, if any document is found to be missing or defective in any material respect, the Trustee is required to notify the Master Servicer, the Class 1-AF Insurer and Countrywide Home Loans in writing. If Countrywide Home Loans cannot or does not cure the omission or defect within 90 days of its receipt of notice from the Trustee or the Co-Trustee, Countrywide Home Loans is required to repurchase the related Mortgage Loan from the issuing entity at a price (the "**Purchase Price**") equal to the sum of:

- (i) 100% of the unpaid principal balance (or, if the purchase or repurchase, as the case may be, is effected by the Master Servicer, the Stated Principal Balance) of the Mortgage Loan as of the date of the purchase,
- (ii) accrued interest thereon at the applicable Mortgage Rate (or, if the purchase or repurchase, as the case may be, is effected by the Master Servicer, at the Net Mortgage Rate) from (a) the date through which interest was last paid by the borrower (or, if the purchase or repurchase, as the case may be, is effected by the Master Servicer, the date through which interest was last advanced by, and not reimbursed to, the Master Servicer) to (b) the Due Date in the month in which the Purchase Price is to be distributed to certificateholders, and

- (iii) any costs, expenses and damages incurred by the issuing entity resulting from any violation of any predatory or abusive lending law in connection with the Mortgage Loan.

Rather than repurchase the Mortgage Loan as provided above, Countrywide Home Loans may remove the Mortgage Loan (a “**Deleted Mortgage Loan**”) from the issuing entity and substitute in its place another Mortgage Loan of like kind (a “**Replacement Mortgage Loan**”); however, a substitution is only permitted within two years after the Closing Date, and may not be made unless an opinion of counsel is provided to the effect that the substitution would not disqualify any REMIC election made by the Trustee or result in a prohibited transaction tax under the Internal Revenue Code of 1986, as amended (the “**Code**”). Any Replacement Mortgage Loan generally will, on the date of substitution, among other characteristics set forth in the Pooling and Servicing Agreement:

- (1) have a Stated Principal Balance, after deduction of the principal portion of the Scheduled Payment due in the month of substitution, not in excess of, and not less than 90% of, the Stated Principal Balance of the Deleted Mortgage Loan (the amount of any shortfall to be forwarded by Countrywide Home Loans to the Master Servicer and deposited by the Master Servicer in the Certificate Account not later than the succeeding Determination Date and held for distribution to the holders of the Certificates on the related Distribution Date),
- (2) if the Deleted Mortgage Loan that is being replaced is an Adjustable Rate Mortgage Loan, have a Maximum Mortgage Rate not more than 1% per annum higher or lower than the Maximum Mortgage Rate of the Deleted Mortgage Loan,
- (3) if the Deleted Mortgage Loan that is being replaced is an Adjustable Rate Mortgage Loan, have a Minimum Mortgage Rate not more than 1% per annum higher or lower than the Minimum Mortgage Rate of the Deleted Mortgage Loan,
- (4) if the Deleted Mortgage Loan that is being replaced is an Adjustable Rate Mortgage Loan, have the same Mortgage Index and intervals between Adjustment Dates as the Deleted Mortgage Loan, an Initial Periodic Rate Cap and a Subsequent Periodic Rate Cap each not more than 1% per annum lower than that of the Deleted Mortgage Loan, and a Gross Margin not more than 1% per annum higher or lower than that of the Deleted Mortgage Loan,
- (5) have the same or higher credit quality characteristics than that of the Deleted Mortgage Loan,
- (6) be accruing interest at a rate not more than 1% per annum higher or lower than that of the Deleted Mortgage Loan,
- (7) have a Loan-to-Value Ratio no higher than that of the Deleted Mortgage Loan,
- (8) have a remaining term to maturity not greater than (and not more than one year less than) that of the Deleted Mortgage Loan,
- (9) not permit conversion of the Mortgage Rate from a fixed rate to a variable rate or vice versa,
- (10) provide for a prepayment charge on terms substantially similar to those of the prepayment charge, if any, of the Deleted Mortgage Loan,
- (11) have the same occupancy type and lien priority as the Deleted Mortgage Loan, and
- (12) comply with all of the representations and warranties set forth in the Pooling and Servicing Agreement as of the date of substitution.

This cure, repurchase or substitution obligation constitutes the sole remedy available to the certificateholders, the Trustee or the Depositor for omission of, or a material defect in, a Mortgage Loan document.

Pre-Funding

On the Closing Date, the Depositor may deposit an amount of up to 25% of the initial Certificate Principal Balance of the Certificates issued by the issuing entity (the “**Pre-Funded Amount**”) in a pre-funding account (the “**Pre-Funding Account**”) established and maintained by the Trustee on behalf of the certificateholders. The Pre-Funded Amount will be allocated between the Loan Groups so that the amount allocated to any Loan Group will not exceed 25% of the initial Certificate Principal Balance of the Certificates related to the Loan Group. Any investment income earned from amounts in the Pre-Funding Account, if any, will be paid to Countrywide Home Loans, and will not be available for payments on the Certificates. During the period from the Closing Date until the earlier of (x) the date the amount in the Pre-Funding Account is less than \$175,000 and (y) September 12, 2006 (the “**Funding Period**”), the Depositor will be expected to purchase additional mortgage loans originated or purchased by a Seller (the “**Subsequent Mortgage Loans**”) from a Seller and sell the Subsequent Mortgage Loans to the issuing entity as described below. The purchase price for each Subsequent Mortgage Loan will equal the Stated Principal Balance of that Subsequent Mortgage Loan as of the later of (x) the first day of the month of the related Subsequent Transfer Date and (y) the origination date of that Subsequent Mortgage Loan (the related “**Subsequent Cut-off Date**”) and will be paid from the Pre-Funding Account. Accordingly, the purchase of Subsequent Mortgage Loans will decrease the amount on deposit in the Pre-Funding Account and increase the Stated Principal Balance of the Mortgage Pool.

Pursuant to the Pooling and Servicing Agreement and a Subsequent Transfer Agreement to be executed by the applicable Seller, the Depositor and the Trustee, the conveyance of Subsequent Mortgage Loans may be made on any Business Day during the Funding Period (a “**Subsequent Transfer Date**”), subject to the fulfillment of certain conditions in the Pooling and Servicing Agreement, including that:

- the Subsequent Mortgage Loans conveyed on the Subsequent Transfer Date satisfy the same representations and warranties in the Pooling and Servicing Agreement applicable to all Mortgage Loans,
- the Subsequent Mortgage Loans conveyed on the Subsequent Transfer Date were selected in a manner reasonably believed not to be adverse to the interests of the certificateholders or the Class 1-AF Insurer,
- the Trustee receives an opinion of counsel with respect to the validity of the conveyance of the Subsequent Mortgage Loans conveyed on the Subsequent Transfer Date,
- the Trustee receives an opinion of counsel to the effect that the conveyance of the Subsequent Mortgage Loans conveyed on the Subsequent Transfer Date will not (i) result in the imposition of the tax on “prohibited transactions” on the issuing entity or contributions after the Startup Date, as defined in Sections 860F(a)(2) and 860G(d) of the Code, respectively, or (ii) cause the issuing entity to fail to qualify as a REMIC at any time that any Certificates are outstanding,
- the Trustee receives opinions of counsel to the effect that the conveyance of the Subsequent Mortgage Loans conveyed on the Subsequent Transfer Date from the applicable Seller to the Depositor and the simultaneous conveyance of the Subsequent Mortgage Loans from the Depositor to the issuing entity will be characterized as true sales and not loans secured by the Subsequent Mortgage Loans,
- the conveyance of the Subsequent Mortgage Loans on the Subsequent Transfer Date will not result in a reduction or withdrawal of any ratings assigned to the Certificates (without regard to the Class 1-AF Policy, in the case of the Class 1-AF Certificates),
- no Subsequent Mortgage Loan conveyed on the Subsequent Transfer Date was 30 or more days delinquent, and

- following the conveyance of the Subsequent Mortgage Loans on the Subsequent Transfer Date to the issuing entity, the characteristics of the Mortgage Loans in each Loan Group will not vary by more than the permitted variance specified under “—General” above; provided that for the purpose of making the calculations, the characteristics for any Initial Mortgage Loan will be taken as of the Initial Cut-off Date and the characteristics for any Subsequent Mortgage Loan will be taken as of the Subsequent Cut-off Date.

Within thirty days after each Subsequent Transfer Date, the Depositor is required to deliver to the Trustee a letter of a nationally recognized firm of independent public accountants stating whether or not the Subsequent Mortgage Loans conveyed on the related Subsequent Transfer Date conform to the characteristics described in the last two bullet points set forth above. Other than the delivery of that letter, no other party will independently verify satisfaction of the conditions set forth above with respect to a transfer of Subsequent Mortgage Loans.

Underwriting Standards

General

Credit Blemished Mortgage Loans. The following is a description of the underwriting procedures customarily employed by Countrywide Home Loans with respect to credit blemished mortgage loans. Countrywide Home Loans has been originating credit blemished mortgage loans since 1995. Countrywide Home Loans produces its credit blemished mortgage loans through its Consumer Markets, Full Spectrum Lending, Correspondent Lending and Wholesale Lending Divisions. Prior to the funding of any credit blemished mortgage loan, Countrywide Home Loans underwrites the related mortgage loan in accordance with the underwriting standards established by Countrywide Home Loans. In general, the mortgage loans are underwritten centrally by a specialized group of underwriters who are familiar with the unique characteristics of credit blemished mortgage loans. In general, Countrywide Home Loans does not purchase any credit blemished mortgage loan that it has not itself underwritten.

Countrywide Home Loans’ underwriting standards are primarily intended to evaluate the value and adequacy of the mortgaged property as collateral for the proposed mortgage loan and the borrower’s credit standing and repayment ability. On a case by case basis, Countrywide Home Loans may determine that, based upon compensating factors, a prospective borrower not strictly qualifying under the underwriting risk category guidelines described below warrants an underwriting exception. Compensating factors may include low loan-to-value ratio, low debt-to-income ratio, stable employment, time in the same residence or other factors. It is expected that a significant number of the Mortgage Loans will have been originated based on these types of underwriting exceptions.

Each prospective borrower completes an application for credit which includes information with respect to the applicant’s assets, liabilities, income and employment history, as well as certain other personal information. Countrywide Home Loans requires an independent credit bureau report on the credit history of each applicant in order to evaluate the applicant’s prior willingness and/or ability to repay. The report typically contains information relating to credit history with local and national merchants and lenders, installment debt payments and any record of defaults, bankruptcy, repossession, suits or judgments, among other matters.

After obtaining all applicable employment, credit and property information, Countrywide Home Loans uses a debt-to-income ratio to assist in determining whether the prospective borrower has sufficient monthly income available to support the payments of principal and interest on the mortgage loan in addition to other monthly credit obligations. The “*debt-to-income ratio*” is the ratio of the borrower’s total monthly credit obligations to the borrower’s gross monthly income. The maximum monthly debt-to-income ratio varies depending upon a borrower’s credit grade and documentation level (as described below) but does not generally exceed 55%. Variations in the monthly debt-to-income ratios limit are permitted based on compensating factors.

Countrywide Home Loans’ underwriting standards are applied in accordance with applicable federal and state laws and regulations and require an independent appraisal of the mortgaged property prepared on a Uniform Residential Appraisal Report (Form 1004) or other appraisal form as applicable to the specific mortgaged property type. Each appraisal includes a market data analysis based on recent sales of comparable homes in the area and, where deemed appropriate, replacement cost analysis based on the current cost of constructing a similar home and

generally is required to have been made not earlier than 180 days prior to the date of origination of the mortgage loan. Every independent appraisal is reviewed by a representative of Countrywide Home Loans before the loan is funded, and an additional review appraisal is generally performed in connection with appraisals not provided by Landsafe Appraisals, Inc., a wholly owned subsidiary of Countrywide Home Loans. In most cases, properties that are not at least in average condition (including properties requiring major deferred maintenance) are not acceptable as collateral for a credit blemished loan. The maximum loan amount varies depending upon a borrower's credit grade, Credit Bureau Risk Score, and documentation level but does not generally exceed \$1,000,000. Variations in maximum loan amount limits are permitted based on compensating factors.

Countrywide Home Loans' underwriting standards permit first mortgage loans with loan-to-value ratios at origination of up to 100% and second mortgage loans with combined loan-to-value ratios at origination of up to 100% depending on the program, type and use of the property, documentation level, creditworthiness of the borrower, debt-to-income ratio and loan amount.

Countrywide Home Loans requires title insurance on all credit blemished mortgage loans. Countrywide Home Loans also requires that fire and extended coverage casualty insurance be maintained on the mortgaged property in an amount at least equal to the principal balance or the replacement cost of the mortgaged property, whichever is less.

Countrywide Home Loans' credit blemished mortgage loan underwriting standards are more flexible than the standards generally acceptable to Countrywide Home Loans for its non-credit blemished mortgage loans with regard to the borrower's credit standing and repayment ability. While more flexible, Countrywide Home Loans' underwriting guidelines still place primary reliance on a borrower's ability to repay; however Countrywide Home Loans may require lower loan-to-value ratios than for loans underwritten to more traditional standards. Borrowers who qualify generally have payment histories and debt-to-income ratios which would not satisfy more traditional underwriting guidelines and may have a record of major derogatory credit items such as outstanding judgments or prior bankruptcies. Countrywide Home Loans' credit blemished mortgage loan underwriting guidelines establish the maximum permitted loan-to-value ratio for each loan type based upon these and other risk factors with more risk factors resulting in lower loan-to-value ratios.

Countrywide Home Loans underwrites or originates credit blemished mortgage loans pursuant to alternative sets of underwriting criteria under its Full Documentation Loan Program (the "**Full Doc Program**"), and Stated Income Loan Program (the "**Stated Income Program**"). Under each of the underwriting programs, Countrywide Home Loans verifies the loan applicant's sources and amounts of income (except under the Stated Income Program where the amount of income is not verified), calculates the amount of income from all sources indicated on the loan application, reviews the credit history of the applicant, calculates the debt-to-income ratio to determine the applicant's ability to repay the loan, and reviews the appraisal of the mortgaged property for compliance with Countrywide Home Loans' underwriting standards.

Under the Stated Income Program, the borrower's employment and income sources and amounts must be stated on the borrower's application for credit. The borrower's income as stated must be reasonable for the related occupation and the determination as to reasonableness is subject to the loan underwriter's discretion. However, the borrower's income as stated on the application is not independently verified. Maximum loan-to-value ratios are generally lower than those permitted under the Full Doc Program. Except as otherwise stated above, the same mortgage credit, consumer credit and collateral related underwriting guidelines apply.

Under the Full Doc and Stated Income Programs, various risk categories are used to grade the likelihood that the borrower will satisfy the repayment conditions of the mortgage loan. These risk categories establish the maximum permitted loan-to-value ratio, debt-to-income ratio and loan amount, given the borrower's credit history, the occupancy status of the mortgaged property and the type of mortgaged property. In general, more (or more recent) derogatory credit items such as delinquent mortgage payments or prior bankruptcies result in a loan being assigned to a higher credit risk category.

Countrywide Home Loans' underwriting guidelines for credit blemished mortgage loans utilize credit grade categories to grade the likelihood that the borrower will satisfy the repayment conditions of the mortgage loans. In general, a credit grade category is assigned by evaluating a borrower's mortgage history, time since bankruptcy, and

time since foreclosure or notice of default. In the case of borrowers with less than twelve months' mortgage history, credit grade category is assigned by evaluating, time since bankruptcy, and time since foreclosure or notice of default. The credit grade categories establish guidelines for determining maximum allowable loan-to-value ratios and loan amounts given the borrower's Credit Bureau Risk Score, and maximum allowable debt-to-income ratios for a given mortgage loan. A summary of the credit grade categories is set forth below.

Credit Grade Category: "A"

Loan-To-Value Ratio: Maximum of 100%

Debt-To-Income Ratio: Maximum of 55%

Loan Amount: Maximum of \$1,000,000

Credit Bureau Risk Score: Minimum of—

500 for loan amounts up to \$700,000,

560 for loan amounts of \$700,001 to \$750,000,

580 for loan amounts of \$750,001 to \$850,000, or

600 for loan amounts of \$850,001 to \$1,000,000.

Mortgage History: No more than 1 non-consecutive delinquency of 30 days during the past 12 months.

Bankruptcy: At least 1 day since discharge or 2 years since dismissal of Chapter 7 or 13 Bankruptcy.

Foreclosure/Notice of Default: At least 3 years since foreclosure/notice of default released.

Credit Grade Category: "A-"

Loan-To-Value Ratio: Maximum of 90%

Debt-To-Income Ratio: Maximum of 55%

Loan Amount: Maximum of \$850,000

Credit Bureau Risk Score: Minimum of—

500 for loan amounts up to \$650,000,

580 for loan amounts of \$650,001 to \$750,000, or

620 for loan amounts of \$750,001 to \$850,000.

Mortgage History: No more than 2 non-consecutive delinquencies of 30 days during the past 12 months.

Bankruptcy: At least 1 day since discharge or 2 years since dismissal of Chapter 7 or 13 Bankruptcy.

Foreclosure/Notice of Default: At least 3 years since foreclosure/notice of default released.

Credit Grade Category: "B"

Loan-To-Value Ratio: Maximum of 85%

Debt-To-Income Ratio: Maximum of 55%

Loan Amount: Maximum of \$650,000

Credit Bureau Risk Score: Minimum of—

500 for loan amounts up to \$600,000,

580 for loan amounts of \$600,001 to \$650,000.

Mortgage History: No more than 1 delinquency of 60 days in the past 12 months. Delinquencies of 30 days are not restricted.

Bankruptcy: At least 1 day since discharge or 1 year since dismissal of Chapter 7 or 13 Bankruptcy, or open Chapter 13 Bankruptcy must be paid-off through escrow at funding.

Foreclosure/Notice of Default: At least 2 years since foreclosure/notice of default released.

Credit Grade Category: "C"

Loan-To-Value Ratio: Maximum of 80%

Debt-To-Income Ratio: Maximum of 55%

Loan Amount: Maximum of \$600,000.

Credit Bureau Risk Score: Minimum of—

500 for loan amounts up to \$550,000, or

580 for loan amounts of \$550,001 to \$600,000.

Mortgage History: No more than 1 delinquency of 90 days during the past 12 months. Delinquencies of 30 days and 60 days are not restricted.

Bankruptcy: At least 1 day since discharge or 1 year since dismissal of Chapter 7 or 13 Bankruptcy, or open Chapter 13 Bankruptcy must be paid-off through escrow at funding.

Foreclosure/Notice of Default: At least 1 year since foreclosure/notice of default released.

Credit Grade Category: “C-”

Loan-To-Value Ratio: Maximum of 70%

Debt-To-Income Ratio: Maximum of 55%

Loan Amount: Maximum of \$500,000.

Credit Bureau Risk Score: Minimum of 500

Mortgage History: No more than 2 delinquencies of 90 days during the past 12 months. Delinquencies of 30 days and 60 days are not restricted.

Bankruptcy: At least 1 day since discharge or dismissal of Chapter 7 or 13 Bankruptcy, or open Chapter 13 Bankruptcy must be paid-off through escrow at funding.

Foreclosure/Notice of Default: None at time of funding.

Credit Grade Category: “D”

Loan-To-Value Ratio: Maximum of 65%

Debt-To-Income Ratio: Maximum of 45%

Loan Amount: Maximum of \$250,000

Credit Bureau Risk Score: Minimum of 500.

Mortgage History: Open Notice of default must be cured at time of funding.

Bankruptcy: At least 1 day since discharge or dismissal of Chapter 7 or 13 Bankruptcy, or open Chapter 13 Bankruptcy must be paid-off through escrow at funding.

Foreclosure/Notice of Default: Notice of default is acceptable but must be cured at time of funding.

The loan-to-value ratios, debt-to-income ratios, and loan amounts stated above are maximum levels for a given credit grade category. There are additional restrictions on loan-to-value ratios, debt-to-income ratios, and loan amounts depending on, but not limited to, the occupancy status of the mortgaged property, the type of mortgaged property, and the documentation program.

The “*Credit Bureau Risk Score*” is a statistical credit score obtained by Countrywide Home Loans in connection with the loan application to help assess a borrower’s creditworthiness. Credit Bureau Risk Scores are generated by models developed by a third party and are made available to mortgage lenders through three national credit bureaus. The models were derived by analyzing data on consumers in order to establish patterns which are believed to be indicative of the borrower’s probability of default. The Credit Bureau Risk Scores are based on a borrower’s historical credit data, including, among other things, payment history, delinquencies on accounts, levels of outstanding indebtedness, length of client history, types of credit, and bankruptcy experience. Credit Bureau Risk Scores range from approximately 250 to approximately 900, with higher scores indicating an individual with a more favorable credit history compared to an individual with a lower score. However, a Credit Bureau Risk Score purports only to be a measurement of the relative degree of risk a borrower represents to a lender, i.e., that a borrower with a higher score is statistically expected to be less likely to default in payment than a borrower with a lower score. In addition, it should be noted that Credit Bureau Risk Scores were developed to indicate a level of default probability over a two-year period which does not correspond to the life of a mortgage loan. Furthermore, Credit Bureau Risk Scores were not developed specifically for use in connection with mortgage loans, but for consumer loans in general. Therefore, a Credit Bureau Risk Score does not take into consideration the effect of mortgage loan characteristics on the probability of repayment by the borrower. The Credit Bureau Risk Scores set forth in Annex A hereto were obtained either at the time of origination of the Mortgage Loan or more recently. The Credit Bureau Risk Score is used as an aid to, not a substitute for, the underwriter’s judgment.

In determining a Credit Bureau Risk Score for a particular borrower, Countrywide Home Loans attempts to obtain Credit Bureau Risk Scores from each of the three national credit bureaus that produce these scores. Although different scores may be available from each of the three national credit bureaus for a particular borrower, Countrywide Home Loans will use only one score in its determination of whether to underwrite a mortgage loan, based on the following methodology: if scores are available from each of the three national credit bureaus,

Countrywide Home Loans will disregard the highest and lowest scores, and use the remaining score; and if scores are available from only two of the three national credit bureau, Countrywide Home Loans will use the lower of the two scores. In the case of a mortgage loan with more than one applicant, Countrywide Home Loans will use the Credit Bureau Risk Score of the applicant contributing the highest percentage of the total qualifying income.

If only one score is available, or no score is available, Countrywide Home Loans will follow its limited credit guidelines. Under the limited credit guidelines, credit histories may be developed using rent verification from current and/or previous landlords, proof of payment to utilities such as telephone, or verification from other sources of credit or services for which the applicant has (or had) a regular financial obligation. In general, applications with the aforementioned type of credit documentation are limited to A- risk and 80% loan-to-value ratio. For applicants with established mortgage payment history of at least 12 months and one credit score or no credit score, the mortgage payment history may be used in lieu of a credit score to determine a risk grade.

The Pool Insurance Policy

A pool insurance policy with respect to the Mortgage Loans in Group 1 (the “**Pool Insurance Policy**”) will be obtained to cover losses (subject to the limitations described herein) by reason of default of the borrower on those Mortgage Loans to the extent that aggregate losses exceed 3.50% of the aggregate unpaid principal balance of the Mortgage Loans in Loan Group 1 as of the Cut-off Date (the “**Deductible Amount**”), up to a limit of 7.00% of the aggregate unpaid principal balance of the Mortgage Loans in Loan Group 1 as of the Cut-off Date (the “**Aggregate Loss Limit**”).

Notwithstanding anything to the contrary contained herein the maximum amount payable by the Pool Insurer under the Pool Insurance Policy is \$15,554,099.

The Pool Insurance Policy will be issued by Radian Guaranty Inc. (the “**Pool Insurer**”) and delivered to the Trustee on the Closing Date. The entire consideration for the Pool Insurance Policy will be paid by Countrywide Home Loans to the Pool Insurer on the Closing Date, and no premiums will be due at any time thereafter.

The Master Servicer will present claims and provide certain notices and reports all in accordance with the terms of the Pool Insurance Policy on behalf of the issuing entity. References to the Master Servicer refer to actions taken on behalf of the issuing entity under the Pool Insurance Policy. Subject to certain limitations set forth in the Pooling and Servicing Agreement, the Master Servicer is required to use commercially reasonable efforts to maintain the Pool Insurance Policy.

The Pool Insurance Policy is a second-loss policy. The Pool Insurer is not required to pay any loss under the Pool Insurance Policy until losses have exceeded the Deductible Amount. Claims for losses must be filed with the Pool Insurer even if the losses have not reached the Deductible Amount. If any claim under the Pool Insurance Policy is denied by the Pool Insurer, the related loss will not be included in the total loss for purposes of calculating whether such losses have exceeded the Deductible Amount.

The Pool Insurer will not be liable for and the Pool Insurance Policy will not apply to, extend to or cover any loss for which a claim is made in connection with a Mortgage Loan as to which there has been any fraud, error, omission, misrepresentation, dishonesty, negligence or similar occurrence with respect to the Mortgage Loan on the part of a person, including without limitation, any appraiser, any builder or developer, or any other party involved in the origination or servicing of the Mortgage Loan including with respect to the representations and warranties as set forth in the Pool Insurance Policy.

For the purposes of the Pool Insurance Policy, the following terms have the following meanings:

“**Approved Sale**” is (1) a sale of Mortgaged Property acquired by the Master Servicer because of a Default by the borrower and to which the Pool Insurer has given prior approval, (2) a foreclosure or trustee’s sale of a Mortgaged Property to a third party at a price equal to or exceeding the maximum amount specified by the Pool Insurer to be bid by the Master Servicer, (3) the acquisition of a Mortgaged Property by or approved by the insurer

pursuant to a Primary Policy, or (4) the acquisition of a Mortgaged Property by the Pool Insurer pursuant to the Pool Insurance Policy.

“Default” occurs when the borrower either becomes in arrears in an amount equal to or greater than one monthly principal and interest payment due under the terms of the Mortgage Loan or violates any other term or condition of the Mortgage Loan which is a basis for a foreclosure action.

“Three (3) Months in Default” occurs when the borrower becomes in arrears in an amount equal to or greater than three monthly principal and interest payments due under the terms of the Mortgage Loan.

“Qualified” means the Pool Insurer is duly qualified under applicable state laws as a mortgage guaranty insurance company, duly authorized to write the insurance provided by the Pool Insurance Policy, and has a financial strength rating of not lower than “Baa3” from Moody’s and “BBB-” from S&P.

If a Mortgage Loan is assumed by another borrower, the coverage under the Pool Insurance Policy will remain in force if the original borrower is not released from personal liability. If the original borrower is released from personal liability on a Mortgage Loan, the liability of the Pool Insurer for coverage under the Pool Insurance Policy as to such Mortgage Loan will terminate unless the Pool Insurer approves the assumption in writing. The Master Servicer will be required to provide the Pool Insurer with the information and documentation required by the Pool Insurer relating to any assumption. The Pool Insurer will not unreasonably withhold approval of an assumption.

Within 15 days after the Master Servicer receives notice or otherwise becomes aware that (a) a borrower is Three (3) Months in Default or (b) proceedings to acquire title to a borrower’s Mortgaged Property have been commenced, whichever event occurs first, notice thereof is required to be given to the Pool Insurer upon the form furnished by the Pool Insurer. However, the failure of the Pool Insurer to furnish forms will not relieve the Master Servicer of the obligation to give notice in any reasonable form within the required time. Thereafter, the Master Servicer will be required to report monthly to the Pool Insurer in summary form the status of the borrower’s account, until a claim is submitted to the Pool Insurer or until the borrower is less than Three (3) Months in Default. Notice of Default shall also be given to the insurer of any Primary Policy in accordance with the terms and conditions of such Primary Policy, but in no event later than the time notice of Default is given to the Pool Insurer under the Pool Insurance Policy.

As a condition precedent to payment of any loss as may be determined to be due under the Pool Insurance Policy, the Master Servicer is required to maintain any Primary Policy which was in force as of the Closing Date and which is not cancelable under the terms of the related Mortgage Loan or applicable law. A **“Primary Policy”** is a policy, certificate, or guarantee, issued with respect to an individual Mortgage Loan, by a mortgage guaranty insurance company or government agency or instrumentality.

In the event of a Default, it will be a condition precedent to payment of a claim on any Mortgage Loan that the Master Servicer cause to be advanced: (1) hazard insurance premiums, (2) real estate mortgaged property taxes, (3) mortgaged property protection and preservation expenses, (4) mortgaged property sales expenses, and (5) foreclosure costs including court costs and reasonable attorneys fees. In the event of a Default, if there is any physical loss or damage to the mortgaged property from any cause, whether by accidental means or otherwise, it will be a condition precedent to payment of a claim on the Mortgage Loan that the Master Servicer cause to be restored the Mortgaged Property to its condition at the time of the issuance of the Pool Insurance Policy, reasonable wear and tear excepted.

Subject to the requirement to maintain any Primary Policy in effect on the Closing Date, the Deductible Amount and the Aggregate Loss Limit, the amount of loss payable to the Master Servicer on each individual claim shall be the total of: (1) the unpaid principal balance at the time of an Approved Sale of the Mortgaged Property, (2) the amount of the accumulated delinquent interest computed to the date of claim settlement at the related Mortgage Rate and (3) the amounts advanced by the Master Servicer (as described in the preceding paragraph) less the net proceeds upon an Approved Sale of the Mortgaged Property and any amounts received under the related Primary Policy, if any.

Subject to the requirement to maintain any Primary Policy in effect on the Closing Date, to the exhaustion of the Deductible Amount and the Aggregate Loss Limit, in lieu of paying the loss determined by the computation above, the Pool Insurer may, at its option, pay the trust the total of the amounts under clauses (1), (2) and (3) of the immediately preceding paragraph less any amounts received under the Primary Policy, in exchange for transfer of good and merchantable title to the Mortgaged Property. Within 30 days after the Mortgaged Property is sold by the Pool Insurer, the Pool Insurer will give written notice to the Master Servicer of the net amount received for such sale.

Any claim payment or loss payment as described above will be a full and final discharge of the Pool Insurer's obligation with respect to such claim or loss under the terms of the Pool Insurance Policy.

For purposes of calculating whether the Aggregate Loss Limit has been reached, the "aggregate losses" with respect to the Pool Insurance Policy, are equal to the sum of losses paid by the Pool Insurer with respect to the Pool Insurance Policy, reduced by any net amount the Pool Insurer receives upon disposal of any Mortgaged Property and by any other reimbursement that the Pool Insurer receives for such losses with respect to the Pool Insurance Policy. When the aggregate losses paid by the Pool Insurer with respect to the Pool Insurance Policy, reach an amount equal to the Aggregate Loss Limit, the liability of the Pool Insurer to pay any additional claims for loss with respect to the Mortgage Loans in Loan Group 1 will cease until such time, if any, that aggregate losses are reduced below the Aggregate Loss Limit.

If a Primary Policy is required under the Pool Insurance Policy, it is a condition precedent to submission and payment of a claim on the Mortgage Loan, that the Master Servicer, first submit and settle any and all claims for loss under the Primary Policy. Any claim settlement on a basis other than on conditions stated in the Primary Policy, requires the consent of the Pool Insurer to such settlement. A claim for loss may be filed with the Pool Insurer on the appropriate form provided by the Pool Insurer within sixty days after any and all claim(s) for loss have been settled and paid under the Primary Policy or within sixty days after the Master Servicer has conveyed title to the Mortgaged Property pursuant to an Approved Sale, whichever occurs later, and shall be accompanied by such documents and other information as are reasonably requested by the Pool Insurer. The Pool Insurer shall not unreasonably withhold the approval necessary for such an Approved Sale. The Pool Insurance Policy does not cover any amount(s) of claims for losses under a Primary Policy.

If a Primary Policy is not required under the Pool Insurance Policy, unless otherwise mutually agreed, a claim for loss must be filed with the Pool Insurer on the appropriate form provided by the Pool Insurer within 60 days after the Master Servicer has conveyed title to the Mortgaged Property pursuant to an Approved Sale and must include all documents and other information reasonably requested by the Pool Insurer. The Pool Insurer shall not unreasonably withhold the approval necessary for such an Approved Sale.

In each case, the failure to file a claim for loss within 60 days after a claim could first be filed will be deemed an election by the Master Servicer to waive any rights to claim payment under the terms of the Pool Insurance Policy.

Any payment of loss required to be by the Pool Insurer with respect to any claim will be payable within 60 days after receipt by the Pool Insurer of such claim. However, if the Pool Insurer within 20 days after the filing of the claim requests additional information necessary to complete its review of the claim, then the sixty (60) day period will be suspended until the Pool Insurer receives the requested information.

The Pool Insurance Policy will continue in force until (i) each Mortgage Loan has been paid in full or is otherwise liquidated, or the Mortgage Loan no longer backs the Certificates, or (ii) the Certificates are redeemed or otherwise paid in full. If at any time the Pool Insurer ceases to be Qualified, the Trustee or the Master Servicer acting on its behalf may terminate the Pool Insurance Policy upon written notice to the Pool Insurer. The Pool Insurer will use all diligent effort to remain qualified under applicable state laws as a mortgage guaranty insurance company, duly authorized to write the insurance provided by the Pool Insurance Policy. There is no right to cancellation under the Pool Insurance Policy.

Radian Guaranty Inc.

Radian Guaranty Inc., a Pennsylvania corporation with its principal offices in Philadelphia, Pennsylvania, is a private mortgage insurance company and wholly-owned subsidiary of Radian Group Inc., an insurance holding company listed on the New York Stock Exchange. Radian Guaranty is licensed in all 50 states, the District of Columbia and Guam to offer mortgage insurance and is approved as a private mortgage insurer by Fannie Mae and Freddie Mac. Radian Guaranty's financial strength is rated "AA" by S&P and Fitch and "Aa3" by Moody's. Radian Guaranty's financial strength currently is not rated by any other rating agency. The ratings reflect each respective rating agencies' current assessments of the creditworthiness of Radian Guaranty and its ability to pay claims on its policies of insurance. Each financial strength rating of Radian Guaranty should be evaluated independently. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any class of offered certificates, and such ratings are subject to revision, qualification or withdrawal at any time by the applicable rating agencies. Any downward revision, qualification or withdrawal of any of the above ratings may have a material adverse effect on the market prices of the offered certificates. Radian Guaranty does not guaranty the market prices of the offered certificates nor does it guaranty that its financial strength ratings will not be revised, qualified or withdrawn.

Copies of Radian Guaranty's quarterly and annual statutory financial statements, which are based on accounting principals that differ from generally accepted accounting principles and which may result in significant financial differences, are available upon request to Radian Guaranty at Radian Guaranty Inc., 1601 Market Street, Philadelphia, Pennsylvania 19103. Radian Guaranty's telephone number is (215) 231-1000.

SERVICING OF THE MORTGAGE LOANS

General

The Master Servicer will master service all of the Mortgage Loans in accordance with the terms set forth in the Pooling and Servicing Agreement. The Master Servicer has agreed to service and administer the Mortgage Loans in accordance with customary and usual standards of practice of prudent mortgage loan lenders. The Master Servicer has also agreed to represent and protect the interest of the Trustee in the Mortgage Loans in the same manner as it currently protects its own interest in mortgage loans in its own portfolio in any claim, proceeding or litigation regarding a Mortgage Loan. The Master Servicer is permitted to make a modification, waiver or amendment of a Mortgage Loan so long as the modification, waiver or amendment would comply with the general servicing standard described above, not cause any REMIC to fail to qualify as a REMIC, not result in the imposition of certain taxes and not extend the due date for a payment due on the related Mortgage Note for a period greater than 180 days. A modification, waiver or amendment may initially result in a reduction in the payments made under a Mortgage Loan, but it is expected that a modification, waiver or amendment will increase the payments made under the Mortgage Loan over the life of the Mortgage Loan.

The Master Servicer may perform any of its obligations under the Pooling and Servicing Agreement through one or more subservicers. Notwithstanding any subservicing arrangement, the Master Servicer will remain liable for its servicing duties and obligations under the Pooling and Servicing Agreement as if the Master Servicer alone were servicing the Mortgage Loans.

Countrywide Home Loans Servicing LP

The principal executive offices of Countrywide Home Loans Servicing LP ("***Countrywide Servicing***") are located at 7105 Corporate Drive, Plano, Texas 75024. Countrywide Servicing is a Texas limited partnership directly owned by Countrywide GP, Inc. and Countrywide LP, Inc., each a Nevada corporation and a direct wholly owned subsidiary of Countrywide Home Loans, Inc. Countrywide GP, Inc. owns a 0.1% interest in Countrywide Servicing and is the general partner. Countrywide LP, Inc. owns a 99.9% interest in Countrywide Servicing and is a limited partner.

Countrywide Home Loans established Countrywide Servicing in February 2000 to service mortgage loans originated by Countrywide Home Loans that would otherwise have been serviced by Countrywide Home Loans. In January and February, 2001, Countrywide Home Loans transferred to Countrywide Servicing all of its rights and obligations relating to mortgage loans serviced on behalf of Freddie Mac and Fannie Mae, respectively. In October 2001, Countrywide Home Loans transferred to Countrywide Servicing all of its rights and obligations relating to the bulk of its non-agency loan servicing portfolio (other than the servicing of home equity lines of credit), including with respect to those mortgage loans (other than home equity lines of credit) formerly serviced by Countrywide Home Loans and securitized by the Depositor or CWMBS, Inc., an affiliate of the Depositor. While Countrywide Home Loans expects to continue to directly service a portion of its loan portfolio, it is expected that the servicing rights for most newly originated Countrywide Home Loans mortgage loans will be transferred to Countrywide Servicing upon sale or securitization of the related mortgage loans. Countrywide Servicing is engaged in the business of servicing mortgage loans and will not originate or acquire loans, an activity that will continue to be performed by Countrywide Home Loans. In addition to acquiring mortgage servicing rights from Countrywide Home Loans, it is expected that Countrywide Servicing will service mortgage loans for non-Countrywide Home Loans affiliated parties as well as subservice mortgage loans on behalf of other master servicers.

In connection with the establishment of Countrywide Servicing, certain employees of Countrywide Home Loans became employees of Countrywide Servicing. Countrywide Servicing has engaged Countrywide Home Loans as a subservicer to perform certain loan servicing activities on its behalf.

Countrywide Servicing is an approved mortgage loan servicer for Fannie Mae, Freddie Mac, Ginnie Mae, HUD and VA and is licensed to service mortgage loans in each state where a license is required. Its loan servicing activities are guaranteed by Countrywide Financial and/or Countrywide Home Loans when required by the owner of the mortgage loans.

Countrywide Home Loans

Countrywide Home Loans is the sponsor for the transaction and also a seller. Countrywide Home Loans is a New York corporation and a direct wholly owned subsidiary of Countrywide Financial Corporation, a Delaware corporation (“**Countrywide Financial**”). The principal executive offices of Countrywide Home Loans are located at 4500 Park Granada, Calabasas, California 91302. Countrywide Home Loans is engaged primarily in the mortgage banking business, and as part of that business, originates, purchases, sells and services mortgage loans. Countrywide Home Loans originates mortgage loans through a retail branch system and through mortgage loan brokers and correspondents nationwide. Mortgage loans originated by Countrywide Home Loans are principally first-lien, fixed or adjustable rate mortgage loans secured by single-family residences.

Countrywide Home Loans has historically sold substantially all the mortgage loans that it has originated and purchased, generally through securitizations. Countrywide Home Loans does not always sell mortgage loans immediately after origination or acquisition, but may decide to sell certain mortgage loans in later periods as part of its overall management of interest rate risk. Countrywide Home Loans has been involved in the securitization of mortgage loans since 1969 when it was approved as a Federal National Mortgage Association seller/servicer. Countrywide Home Loans reviews the structure of its securitizations and discusses the structure with the related underwriters.

Except as otherwise indicated, reference in the remainder of this prospectus supplement to “**Countrywide Home Loans**” should be read to include Countrywide Home Loans and its consolidated subsidiaries, including Countrywide Servicing. Countrywide Home Loans services substantially all of the mortgage loans it originates or acquires. In addition, Countrywide Home Loans has purchased in bulk the rights to service mortgage loans originated by other lenders. Countrywide Home Loans has in the past and may in the future sell to mortgage bankers and other institutions a portion of its portfolio of loan servicing rights. As of December 31, 2002, December 31, 2003, December 31, 2004, December 31, 2005 and June 30, 2006, Countrywide Home Loans provided servicing for mortgage loans with an aggregate principal balance of approximately \$452.405 billion, \$644.855 billion, \$838.322 billion, \$1,111.090 billion and \$1,196.720 billion, respectively, substantially all of which were being serviced for unaffiliated persons. As of December 31, 2005 and June 30, 2006, Countrywide Home Loans provided servicing for credit-blemished mortgage loans (excluding mortgage loans being subserviced by Countrywide Home Loans) with an aggregate principal balance of approximately \$121.734 billion and \$119.178 billion, respectively.

Mortgage Loan Production

The following table sets forth, by number and dollar amount of mortgage loans, Countrywide Home Loans' residential mortgage loan production for the periods indicated.

Consolidated Mortgage Loan Production						
	Ten Months Ended December 31, 2001	Years Ended December 31, 2002 2003 2004 2005				Six Months Ended June 30, 2006
		(Dollars in millions, except average loan amount)				
Conventional Conforming Loans						
Number of Loans.....	504,975	999,448	1,517,743	846,395	809,630	353,101
Volume of Loans..... \$	76,432	\$ 150,110	\$ 235,868	\$ 138,845	\$ 167,675	\$ 69,363
Percent of Total Dollar Volume	61.7%	59.6%	54.2%	38.2%	34.1%	31.5%
Conventional Non-conforming Loans						
Number of Loans.....	137,593	277,626	554,571	509,711	826,178	322,108
Volume of Loans..... \$	22,209	\$ 61,627	\$ 136,664	\$ 140,580	\$ 225,217	\$ 100,537
Percent of Total Dollar Volume	17.9%	24.5%	31.4%	38.7%	45.9%	45.7%
FHA/VA Loans						
Number of Loans.....	118,734	157,626	196,063	105,562	80,528	43,381
Volume of Loans..... \$	14,109	\$ 19,093	\$ 24,402	\$ 13,247	\$ 10,712	\$ 6,192
Percent of Total Dollar Volume	11.4%	7.6%	5.6%	3.6%	2.2%	2.8%
Prime Home Equity Loans						
Number of Loans.....	164,503	316,049	453,817	587,046	683,887	348,542
Volume of Loans..... \$	5,639	\$ 11,650	\$ 18,103	\$ 30,893	\$ 42,706	\$ 23,524
Percent of Total Dollar Volume	4.5%	4.6%	4.2%	8.5%	8.7%	10.7%
Nonprime Mortgage Loans						
Number of Loans.....	43,359	63,195	124,205	250,030	278,112	127,162
Volume of Loans..... \$	5,580	\$ 9,421	\$ 19,827	\$ 39,441	\$ 44,637	\$ 20,411
Percent of Total Dollar Volume	4.5%	3.7%	4.6%	11.0%	9.1%	9.3%
Total Loans						
Number of Loans.....	969,164	1,813,944	2,846,399	2,298,744	2,678,335	1,194,294
Volume of Loans..... \$	123,969	\$ 251,901	\$ 434,864	\$ 363,006	\$ 490,947	\$ 220,027
Average Loan Amount	\$ 128,000	\$ 139,000	\$ 153,000	\$ 158,000	\$ 183,000	\$ 184,000
Non-Purchase Transactions(1)	63%	66%	72%	51%	53%	54%
Adjustable-Rate Loans(1).....	12%	14%	21%	52%	52%	49%

(1) Percentage of total mortgage loan production (excluding commercial real estate loans) based on dollar volume.

Loan Servicing

The Master Servicer has established standard policies for the servicing and collection of mortgages. Servicing includes, but is not limited to:

- (a) collecting, aggregating and remitting mortgage loan payments;
- (b) accounting for principal and interest;
- (c) holding escrow (impound) funds for payment of taxes and insurance;
- (d) making inspections as required of the mortgaged properties;
- (e) preparation of tax related information in connection with the mortgage loans;
- (f) supervision of delinquent mortgage loans;
- (g) loss mitigation efforts;

- (h) foreclosure proceedings and, if applicable, the disposition of mortgaged properties; and
- (i) generally administering the mortgage loans, for which it receives servicing fees.

Billing statements with respect to mortgage loans are mailed monthly by the Master Servicer. The statement details all debits and credits and specifies the payment due. Notice of changes in the applicable loan rate are provided by the Master Servicer to the borrower with these statements.

Collection Procedures

Credit Blemished Mortgage Loans. When a borrower fails to make a payment on a credit blemished mortgage loan, the Master Servicer attempts to cause the deficiency to be cured by corresponding with the borrower. In most cases, deficiencies are cured promptly. Pursuant to the Master Servicer's servicing procedures for credit blemished loans, the Master Servicer generally mails to the borrower a notice of intent to foreclose after the loan becomes 31 days past due (two payments due but not received) and, generally within 59 days thereafter, if the loan remains delinquent, institutes appropriate legal action to foreclose on the mortgaged property. Foreclosure proceedings may be terminated if the delinquency is cured. Mortgage loans to borrowers in bankruptcy proceedings may be restructured in accordance with law and with a view to maximizing recovery of the loans, including any deficiencies.

Once foreclosure is initiated by the Master Servicer, a foreclosure tracking system is used to monitor the progress of the proceedings. The system includes state specific parameters to monitor whether proceedings are progressing within the time frame typical for the state in which the mortgaged property is located. During the foreclosure proceeding, the Master Servicer determines the amount of the foreclosure bid and whether to liquidate the mortgage loan.

If foreclosed, the mortgaged property is sold at a public or private sale and may be purchased by Countrywide Home Loans. After foreclosure, the Master Servicer may liquidate the mortgaged property and charge-off the loan balance which was not recovered through liquidation proceeds.

Servicing and charge-off policies and collection practices with respect to credit blemished mortgage loans may change over time in accordance with, among other things, the Master Servicer's business judgment, changes in the servicing portfolio and applicable laws and regulations.

Servicing Compensation and Payment of Expenses

The Master Servicer will be paid a monthly fee (the "**Master Servicing Fee**") from collections with respect to each Mortgage Loan (as well as from any liquidation proceeds or Subsequent Recoveries) equal to one-twelfth of the Stated Principal Balance thereof multiplied by the Servicing Fee Rate. The "**Servicing Fee Rate**" for each Mortgage Loan will equal 0.50% per annum. The amount of the monthly Master Servicing Fee is subject to adjustment with respect to Mortgage Loans that are prepaid in full, as described in this prospectus supplement under "*— Adjustment to Master Servicing Fee in Connection With Certain Prepaid Mortgage Loans.*"

The Master Servicer is also entitled to receive, as additional servicing compensation, amounts in respect of interest paid on Principal Prepayments received during that portion of a Prepayment Period from the related Due Date to the end of the Prepayment Period ("**Prepayment Interest Excess**"), all late payment fees, assumption fees and other similar charges (excluding prepayment charges), in each case with respect to the Mortgage Loans, and all investment income earned on amounts on deposit in the Certificate Account and Distribution Account. The Master Servicer is obligated to pay certain ongoing expenses associated with the Mortgage Loans and incurred by the Trustee and the Co-Trustee in connection with their responsibilities under the Pooling and Servicing Agreement.

Adjustment to Master Servicing Fee in Connection With Certain Prepaid Mortgage Loans

When a borrower prepays all or a portion of a Mortgage Loan between scheduled monthly payment dates ("**Due Dates**"), the borrower pays interest on the amount prepaid only to the date of prepayment. Principal

Prepayments which are received during that portion of the Prepayment Period from the related Due Date in the Prepayment Period to the end of the Prepayment Period reduce the Scheduled Payment of interest for the following Due Date but are included in a distribution that occurs on or prior to the distribution of the Scheduled Payment, and accordingly no shortfall in interest otherwise distributable to holders of the Certificates results. Conversely, Principal Prepayments received from that portion of the Prepayment Period from the beginning of the Prepayment Period to related Due Date in that Prepayment Period reduce the Scheduled Payment of interest for that Due Date and are included in a distribution that occurs on or after the distribution of the Scheduled Payment, and accordingly an interest shortfall (a “**Prepayment Interest Shortfall**”) could result. In order to mitigate the effect of any Prepayment Interest Shortfall on interest distributions to holders of the Certificates on any Distribution Date, one-half of the amount of the Master Servicing Fee otherwise payable to the Master Servicer for the month will, to the extent of the Prepayment Interest Shortfall, be deposited by the Master Servicer in the Certificate Account for distribution to holders of the Certificates entitled thereto on the Distribution Date. The amount of this deposit by the Master Servicer is referred to as “**Compensating Interest**” and will be reflected in the distributions to holders of the Certificates entitled thereto made on the Distribution Date on which the Principal Prepayments received would be distributed. Any shortfall in interest distributions to the Class 1-AF certificateholders resulting from Prepayment Interest Shortfalls will not be covered by the Class 1-AF Policy.

Advances

Subject to the following limitations, on the Business Day prior to each Distribution Date, the Master Servicer will be required to advance (an “**Advance**”) from its own funds, or funds in the Certificate Account that are not required to be distributed on the Distribution Date, on the Business Day immediately preceding the Distribution Date (a “**Master Servicer Advance Date**”), the sum of:

- an amount equal to the aggregate of payments of principal and interest on the Mortgage Loans (with the Mortgage Rate adjusted to a rate equal to the Mortgage Rate minus the Servicing Fee Rate (as so adjusted, the “**Net Mortgage Rate**”)) that were due on the related Due Date and delinquent on the related Determination Date; and
- an amount equivalent to interest (adjusted to the Net Mortgage Rate) deemed due on each Mortgage Loan (i) as to which the related Mortgaged Property has been acquired by the Master Servicer through foreclosure or deed-in-lieu of foreclosure in connection with a defaulted Mortgage Loan (“**REO Property**”), which is calculated after taking into account any rental income from such Mortgaged Property or (ii) as to which the related Mortgaged Property has been liquidated but as to that Mortgage Loan a Final Recovery Determination has not been made.

Advances are intended to maintain a regular flow of scheduled interest and principal payments on the Certificates rather than to guarantee or insure against losses. The Master Servicer is obligated to make Advances to the extent that those Advances are, in its judgment, reasonably recoverable from future payments and collections or insurance payments or proceeds of liquidation of the related Mortgage Loan. If the Master Servicer determines on any Determination Date to make an Advance, that Advance will be included with the distribution to holders of the Certificates on the related Distribution Date. Any failure by the Master Servicer to make an Advance as required under the Pooling and Servicing Agreement will constitute an event of default thereunder, in which case the Trustee, as successor master servicer, or any other entity that is appointed as successor master servicer, will be obligated to make Advances in accordance with the terms of the Pooling and Servicing Agreement. An Advance will be reimbursed from the payments on the Mortgage Loan with respect to which the Advance was made. However, if an Advance is determined to be nonrecoverable and the Master Servicer delivers an officer’s certificate to the Trustee indicating that the Advance is nonrecoverable, the Master Servicer will be entitled to withdraw from the Certificate Account an amount equal to the nonrecoverable Advance. Reimbursement for Advances and nonrecoverable Advances will be made prior to distributions on the Certificates.

Certain Modifications and Refinancings

Countrywide Home Loans will be permitted under the Pooling and Servicing Agreement to solicit borrowers for reductions to the Mortgage Rates of their respective Mortgage Loans. If a borrower requests such a

reduction, the Master Servicer will be permitted to agree to the rate reduction provided that (i) Countrywide Home Loans purchases the Mortgage Loan from the Trust Fund immediately following the modification and (ii) the Stated Principal Balance of such Mortgage Loan, when taken together with the aggregate of the Stated Principal Balances of all other Mortgage Loans in the same Loan Group that have been so modified since the Closing Date at the time of those modifications, does not exceed an amount equal to 5% of the aggregate Certificate Principal Balance of the related Certificates. Any purchase of a Mortgage Loan subject to a modification will be for a price equal to 100% of the Stated Principal Balance of that Mortgage Loan, plus accrued and unpaid interest on the Mortgage Loan up to the next Due Date at the applicable Net Mortgage Rate, net of any unreimbursed Advances of principal and interest on the Mortgage Loan made by the Master Servicer. Countrywide Home Loans will remit the purchase price to the Master Servicer for deposit into the Certificate Account within one Business Day of the purchase of that Mortgage Loan. Purchases of Mortgage Loans may occur when prevailing interest rates are below the Mortgage Rates on the Mortgage Loans and borrowers request modifications as an alternative to refinancings. Countrywide Home Loans will indemnify the Trust Fund against liability for any prohibited transactions taxes and related interest, additions or penalties incurred by any REMIC as a result of any modification or purchase.

THE ISSUING ENTITY

In connection with the issuance of the Certificates, the Depositor has formed CWABS Asset-Backed Certificates Trust 2006-13, a common law trust created under the laws of the State of New York pursuant to the Pooling and Servicing Agreement. CWABS Asset-Backed Certificates Trust 2006-13 is referred to in this prospectus supplement as the “*issuing entity*” and is referred to in the prospectus as the “*Trust*” or the “*Trust Fund*.” The Trustee serves as trustee of the issuing entity and acts on behalf of the issuing entity as the issuing entity does not have any directors, officers or employees. The fiscal year end of the issuing entity is December 31.

The issuing entity’s activities are limited to the transactions and activities entered into in connection with the securitization described in this prospectus supplement, and except for those activities, the issuing entity is not authorized and has no power to borrow money or issue debt, merge with another entity, reorganize, liquidate or sell assets or engage in any business or activities. Consequently, the issuing entity is not permitted to hold any assets, or incur any liabilities, other than those described in this prospectus supplement. Since the issuing entity is created pursuant to the Pooling and Servicing Agreement, the issuing entity and its permissible activities can only be amended or modified by amending the Pooling and Servicing Agreement.

Since the issuing entity is a common law trust, it may not be eligible for relief under the federal bankruptcy laws, unless it can be characterized as a “business trust” for purposes of the federal bankruptcy laws. Bankruptcy courts look at various considerations in making this determination, so it is not possible to predict with any certainty whether or not the issuing entity would be characterized as a “business trust.”

STATIC POOL DATA

Certain static pool data with respect to the delinquency, cumulative loss and prepayment data for Countrywide Home Loans is available online at <http://www.countrywidedealsdata.com?CWDD=02200606>. This static pool data is not deemed part of the prospectus or the registration statement of which the prospectus is a part to the extent that the static pool data relates to:

- prior securitized pools of Countrywide Home Loans that do not include the Mortgage Loans and that were established before January 1, 2006; or
- in the case of information regarding the Mortgage Loans, information about the Mortgage Loans for periods before January 1, 2006.

DESCRIPTION OF THE CERTIFICATES

General

The Certificates will be issued pursuant to the Pooling and Servicing Agreement. We summarize below the material terms and provisions pursuant to which the Certificates will be issued. The summaries are subject to, and are qualified in their entirety by reference to, the provisions of the Pooling and Servicing Agreement. When particular provisions or terms used in the Pooling and Servicing Agreement are referred to, the actual provisions (including definitions of terms) are incorporated by reference. We will file a final copy of the Pooling and Servicing Agreement after the issuing entity issues the Certificates.

The CWABS, Inc., Asset-Backed Certificates, Series 2006-13 (the “*Certificates*”) will consist of: Class 1-AF-1, Class 1-AF-2, Class 1-AF-3, Class 1-AF-4, Class 1-AF-5, Class 1-AF-6, Class 2-AV, Class 3-AV-1, Class 3-AV-2, Class 3-AV-3, Class MV-1, Class MV-2, Class MV-3, Class MV-4, Class MV-5, Class MV-6, Class MV-7, Class MV-8, Class BV, Class A-R, Class PF, Class PV, Class CF and Class CV Certificates.

When describing the Certificates in this prospectus supplement we use the following terms:

Designation	Class of Certificates
Class 1-AF Certificates or Group 1 Certificates:	Class 1-AF-1, Class 1-AF-2, Class 1-AF-3, Class 1-AF-4, Class 1-AF-5 and Class 1-AF-6 Certificates
Class 3-AV Certificates:	Class 3-AV-1, Class 3-AV-2 and Class 3-AV-3 Certificates
Class AV Certificates:	Class 2-AV and Class 3-AV Certificates
Adjustable Rate Subordinate Certificates or Subordinate Certificates:	Class MV-1, Class MV-2, Class MV-3, Class MV-4, Class MV-5, Class MV-6, Class MV-7, Class MV-8 and Class BV Certificates
Senior Certificates:	Class 1-AF, Class AV and Class A-R Certificates
Fixed Rate Certificates:	Class 1-AF-2, Class 1-AF-3, Class 1-AF-4, Class 1-AF-5 and Class 1-AF-6 Certificates
Adjustable Rate Certificates or Swap Certificates:	Class 1-AF-1 and Class AV Certificates and the Adjustable Rate Subordinate Certificates
Swap Certificates or Group 2 and Group 3 Certificates:	Class AV Certificates and the Adjustable Rate Subordinate Certificates
Offered Certificates:	Class 1-AF, Class AV and Class A-R Certificates and the Subordinate Certificates

The Certificates are generally referred to as the following types:

Class	Type
Class 1-AF-2, Class 1-AF-3, Class 1-AF-4 and Class 1-AF-5 Certificates:	Senior/Fixed Rate
Class 1-AF-6 Certificates:	Senior/Fixed Rate/NAS
Class 1-AF-1, Class 2-AV, Class 3-AV-1, Class 3-AV-2 and Class 3-AV-3 Certificates:	Senior/Adjustable Rate
Adjustable Rate Subordinate Certificates:	Subordinate/Adjustable Rate
Class A-R Certificates:	Senior/REMIC Residual
Class PF and Class PV Certificates:	Prepayment Charges
Class CF and Class CV Certificates:	Residual

Generally:

- distributions of principal and interest on the Class 1-AF Certificates will be based on amounts available for distribution in respect of the Mortgage Loans in Loan Group 1;

- distributions of principal and interest on the Class 2-AV Certificates will be based on amounts available for distribution in respect of the Mortgage Loans in Loan Group 2;
- distributions of principal and interest on the Class 3-AV Certificates will be based on amounts available for distribution in respect of the Mortgage Loans in Loan Group 3;
- distributions of principal and interest on the Adjustable Rate Subordinate Certificates will be based on amounts available for distribution in respect of the Mortgage Loans in Loan Group 2 and Loan Group 3;
- distributions on the Class PF and Class CF Certificates, to the extent provided in the Pooling and Servicing Agreement, will be based on amounts available for distribution in respect of the Mortgage Loans in Loan Group 1;
- distributions on the Class PV and Class CV Certificates, to the extent provided in the Pooling and Servicing Agreement, will be based on amounts available for distribution in respect of the Mortgage Loans in Loan Group 2 and Loan Group 3; and
- distributions on the Class A-R Certificates, to the extent provided in the Pooling and Servicing Agreement, will be based on amounts available for distribution in respect of the Mortgage Loans in Loan Group 1, Loan Group 2 and Loan Group 3.

Book-Entry Certificates; Denominations

The Offered Certificates (other than the Class A-R Certificates) will be book-entry certificates (the “**Book-Entry Certificates**”). The Class A-R Certificates will be issued as two certificates in fully registered certificated form. Persons acquiring beneficial ownership interests in the Book-Entry Certificates (“**Certificate Owners**”) may elect to hold their Book-Entry Certificates through the Depository Trust Company (“**DTC**”) in the United States, or Clearstream, Luxembourg or the Euroclear System (“**Euroclear**”), in Europe, if they are participants of these systems, or indirectly through organizations which are participants in these systems. Each class of Book-Entry Certificates will be issued in one or more certificates which equal the aggregate Certificate Principal Balance of the applicable class of the Book-Entry Certificates and will initially be registered in the name of Cede & Co., the nominee of DTC. Beneficial interests in the Book-Entry Certificates may be held in minimum denominations representing Certificate Principal Balances of \$20,000 and integral multiples of \$1 in excess thereof. Except as set forth under “*Description of the Securities—Book-Entry Registration of the Securities*” in the prospectus, no person acquiring a beneficial ownership interest in a Book-Entry Certificate (each, a “**beneficial owner**”) will be entitled to receive a physical certificate representing the person’s beneficial ownership interest in the Book-Entry Certificate (a “**Definitive Certificate**”). Unless and until Definitive Certificates are issued, it is anticipated that the only certificateholder of the Book-Entry Certificates will be Cede & Co., as nominee of DTC. Certificate Owners will not be certificateholders as that term is used in the Pooling and Servicing Agreement. Certificate Owners are only permitted to exercise their rights indirectly through the participating organizations that utilize the services of DTC, including securities brokers and dealers, banks and trust companies and clearing corporations and certain other organizations (“**Participants**”) and DTC. See “*Description of the Securities—Book-Entry Registration of the Securities*” in the prospectus.

Glossary of Terms

The following terms have the meanings shown below to help describe the cash flow on the Certificates. The definitions are organized based on the context in which they are most frequently used. However, certain definitions may be used in multiple contexts.

General Definitions.

“**Adjusted Net Mortgage Rate**” with respect to each Mortgage Loan means the Mortgage Rate less the related Expense Fee Rate.

“**Business Day**” is any day other than:

- (1) a Saturday or Sunday or
- (2) a day on which the Class 1-AF Insurer or banking institutions in the state of New York or California are required or authorized by law to be closed.

“**Certificate Principal Balance**” means for any class of Certificates (other than the Class CF and Class CV Certificates), the aggregate outstanding principal balance of all Certificates of the class, less:

- (1) all amounts previously distributed to holders of Certificates of that class as scheduled and unscheduled payments of principal; and
- (2) the Applied Realized Loss Amounts allocated to the class;

provided, however, that (w) any payment of principal under the Class 1-AF Policy following an Applied Realized Loss Amount in respect of the any class of Class 1-AF Certificates will not result in a further reduction of the Certificate Principal Balance of that class of Class 1-AF Certificates; (x) if Applied Realized Loss Amounts have been allocated to the Certificate Principal Balance of any class of Certificates, the Certificate Principal Balance thereof will be increased on each Distribution Date after the allocation of Applied Realized Loss Amounts, sequentially by class in the order of distribution priority, by the amount of Subsequent Recoveries for the related Loan Group, collected during the related Due Period (if any) (but not by more than the amount of the Unpaid Realized Loss Amount for the class); (y) any amounts distributed to one or more classes of Senior Certificates related to a Loan Group or Loan Groups in respect of Applied Realized Loss Amounts will be distributed to those classes on a pro rata basis according to the respective Unpaid Realized Loss Amounts for those classes; and (z) to the extent an Applied Realized Loss Amount with respect to any class of Class 1-AF Certificates was covered under the Class 1-AF Policy, the Certificate Principal Balance of that class will not be increased by any related Subsequent Recovery.

After any allocation of amounts in respect of Subsequent Recoveries to increase the Certificate Principal Balance of a class of Certificates, a corresponding decrease will be made on the Distribution Date to the Unpaid Realized Loss Amount for that class or classes. Although Subsequent Recoveries, if any, will be allocated to increase the Certificate Principal Balance of a class of Certificates, the Subsequent Recoveries will be included in the applicable Principal Remittance Amount and distributed in the priority set forth below under “—*Distributions—Distributions of Principal.*” Therefore these Subsequent Recoveries may not be used to make any principal payments on the class or classes of Certificates for which the Certificate Principal Balances have been increased by allocation of Subsequent Recoveries. Additionally, holders of these Certificates will not be entitled to any payment in respect of interest that would have accrued on the amount of the increase in Certificate Principal Balance for any Accrual Period preceding the Distribution Date on which the increase occurs.

Exclusively for the purpose of determining any subrogation rights of the Class 1-AF Insurer under the Pooling and Servicing Agreement, the “Certificate Principal Balance” of each class of Class 1-AF Certificates will not be reduced by the amount of any payments made by the Class 1-AF Insurer in respect of principal on such Certificates under the Class 1-AF Policy, except to the extent such payment has been reimbursed to the Class 1-AF Insurer pursuant to the provisions of the Pooling and Servicing Agreement.

“**Distribution Date**” means the 25th day of each month, or if the 25th day is not a Business Day, on the first Business Day thereafter, commencing in August 2006.

“**Due Period**” means with respect to any Distribution Date, the period beginning on the second day of the calendar month preceding the calendar month in which the Distribution Date occurs and ending on the first day of the month in which the Distribution Date occurs.

“**Excess Proceeds**” with respect to a liquidated Mortgage Loan means the amount, if any, by which the sum of any Liquidation Proceeds and Subsequent Recoveries exceed the sum of (i) the unpaid principal balance of the

Mortgage Loan plus (ii) accrued interest on the Mortgage Loan at the Mortgage Rate during each Due Period as to which interest was not paid or advanced on the Mortgage Loan.

“Final Recovery Determination” means a determination by the Master Servicer that it has received all proceeds it expects to receive with respect to the liquidation of a Mortgage Loan.

“Insurance Proceeds” means all proceeds of any insurance policy (including the Pool Insurance Policy but excluding the Class 1-AF Policy) received prior to or in connection with a Final Recovery Determination (to the extent that the proceeds are not applied to the restoration of the property or released to the borrower in accordance with the Master Servicer’s normal servicing procedures), other than proceeds that represent reimbursement of the Master Servicer’s costs and expenses incurred in connection with presenting claims under the related insurance policy.

“Liquidation Proceeds” means any Insurance Proceeds and all other net proceeds received prior to or in connection with a Final Recovery Determination in connection with the partial or complete liquidation of a Mortgage Loan (whether through trustee’s sale, foreclosure sale or otherwise) or in connection with any condemnation or partial release of the related Mortgaged Property, together with the net proceeds received prior to or in connection with a Final Recovery Determination with respect to any Mortgaged Property acquired by the Master Servicer by foreclosure or deed in lieu of foreclosure in connection with a defaulted Mortgage Loan (other than the amount of the net proceeds representing Excess Proceeds and net of reimbursable expenses).

“Percentage Interest” with respect to any Certificate, means the percentage derived by dividing the denomination of the Certificate by the aggregate denominations of all Certificates of the applicable class.

“Record Date” means:

(1) in the case of the Adjustable Rate Certificates, the Business Day immediately preceding the Distribution Date, unless the Adjustable-Rate Certificates are no longer book-entry certificates, in which case the Record Date will be the last Business Day of the month preceding the month of the Distribution Date, and

(2) in the case of the Fixed Rate Certificates and the Class A-R Certificates, the last Business Day of the month preceding the month of the Distribution Date.

“Subsequent Recoveries” means, with respect to any Mortgage Loan in respect of which a Realized Loss was incurred, any proceeds of the type described in the definitions of “Insurance Proceeds” and “Liquidation Proceeds” received in respect of the Mortgage Loan after a Final Recovery Determination (other than the amount of the net proceeds representing Excess Proceeds and net of reimbursable expenses).

Definitions related to Interest Calculations and Distributions.

“Accrual Period” for any Distribution Date and the Adjustable Rate Certificates, means the period from and including the preceding Distribution Date (or from and including the Closing Date in the case of the first Distribution Date) to and including the day prior to the current Distribution Date, and for the Fixed Rate Certificates, means the calendar month immediately preceding the month in which the Distribution Date occurs.

“Current Interest” with respect to each class of interest-bearing certificates and each Distribution Date means the interest accrued at the Pass-Through Rate for the applicable Accrual Period on the Certificate Principal Balance of the class immediately prior to the Distribution Date.

“Expense Fee Rate” with respect to each Mortgage Loan is equal to the sum of (i) the Servicing Fee Rate and the Trustee Fee Rate and (ii) with respect to any Mortgage Loan covered by an individual lender paid mortgage insurance policy, the related mortgage insurance premium rate. As of the Initial Cut-off Date, the weighted average Expense Fee Rate is expected to equal approximately 0.509% per annum

“Interest Carry Forward Amount,” with respect to each class of interest-bearing certificates and each Distribution Date, is the excess of:

- (a) Current Interest for such class with respect to prior Distribution Dates over
- (b) the amount actually distributed to such class with respect to interest on prior Distribution Dates.

“Interest Determination Date” means for the Adjustable Rate Certificates, the second LIBOR Business Day preceding the commencement of each Accrual Period.

“Interest Funds” means for any Loan Group and any Distribution Date, (1) the Interest Remittance Amount for that Loan Group and the Distribution Date, less (2) the portion of the Trustee Fee allocable to that Loan Group for the Distribution Date, plus (3) in the case of Loan Group 2 and Loan Group 3, the Adjusted Replacement Upfront Amount, if any, allocable to that Loan Group.

“Interest Remittance Amount” means with respect to each Loan Group and any Distribution Date:

- (a) the sum, without duplication, of:
 - (1) all scheduled interest collected during the related Due Period (other than Credit Comeback Excess Amounts (if any)), less the related Master Servicing Fees,
 - (2) all interest on prepayments, other than Prepayment Interest Excess,
 - (3) all Advances relating to interest,
 - (4) all Compensating Interest,
 - (5) all Liquidation Proceeds collected during the related Due Period (to the extent that the Liquidation Proceeds relate to interest), and
 - (6) the allocable portion of any Seller Shortfall Interest Requirement, less
- (b) all Advances relating to interest and certain expenses reimbursed during the related Due Period,

in each case with respect to the Mortgage Loans in the Loan Group.

“Net Rate Cap” for each Distribution Date means:

- (i) with respect to each class of Class 1-AF Certificates, the weighted average Adjusted Net Mortgage Rate of the Mortgage Loans in Loan Group 1 as of the first day of the related Due Period (after giving effect to principal prepayments received during the Prepayment Period that ends during such Due Period), less a fraction, expressed as a percentage, the numerator of which is (x) the product of 12 and the sum of (1) the Fixed Rate Final Maturity Reserve Fund Required Deposit for that Distribution Date and (2) the monthly premium for the Class 1-AF Policy for that Distribution Date, and the denominator of which is (y) the sum of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 and the amount on deposit in the Pre-Funding Account in respect of Loan Group 1, adjusted, in the case of the Class 1-AF-1 Certificates only, to an effective rate reflecting the calculation of interest on the basis of the actual number of days elapsed during the related Accrual Period and a 360-day year,
- (ii) with respect to the Class 2-AV Certificates, the weighted average Adjusted Net Mortgage Rate of the Mortgage Loans in Loan Group 2 as of the first day of the related Due Period (after giving effect to principal prepayments received during the Prepayment Period that ends during such Due Period), adjusted to an effective rate

reflecting the calculation of interest on the basis of the actual number of days elapsed during the related Accrual Period and a 360-day year, minus a fraction, expressed as a percentage, the numerator of which is (a) the product of (x) the sum of (1) the sum of (A) the Net Swap Payment payable to the Swap Counterparty with respect to such Distribution Date and (B) the Adjustable Rate Final Maturity Reserve Fund Required Deposit for that Distribution Date multiplied by a fraction, the numerator of which is equal to 360 and the denominator of which is equal to the actual number of days in the related Accrual Period and (2) any Swap Termination Payment payable to the Swap Counterparty for such Distribution Date (other than a Swap Termination Payment due to a Swap Counterparty Trigger Event) and (y) a fraction, the numerator of which is the Interest Funds for Loan Group 2 for such Distribution Date, and the denominator of which is the Interest Funds for Loan Group 2 and Loan Group 3 for such Distribution Date, and the denominator of which is (b) the sum of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 as of the first day of the related Due Period (after giving effect to principal prepayments received during the Prepayment Period that ends during such Due Period) plus any amounts on deposit in the Pre-Funding Account in respect of Loan Group 2 as of the first day of that Due Period,

(iii) with respect to each class of Class 3-AV Certificates, the weighted average Adjusted Net Mortgage Rate of the Mortgage Loans in Loan Group 3 as of the first day of the related Due Period (after giving effect to principal prepayments received during the Prepayment Period that ends during such Due Period), adjusted to an effective rate reflecting the calculation of interest on the basis of the actual number of days elapsed during the related Accrual Period and a 360-day year, minus a fraction, expressed as a percentage, the numerator of which is (a) the product of (x) the sum of (1) the sum of (A) the Net Swap Payment payable to the Swap Counterparty with respect to such Distribution Date and (B) the Adjustable Rate Final Maturity Reserve Fund Required Deposit for that Distribution Date multiplied by a fraction, the numerator of which is equal to 360 and the denominator of which is equal to the actual number of days in the related Accrual Period and (2) any Swap Termination Payment payable to the Swap Counterparty for such Distribution Date (other than a Swap Termination Payment due to a Swap Counterparty Trigger Event) and (y) a fraction, the numerator of which is the Interest Funds for Loan Group 3 for such Distribution Date, and the denominator of which is the Interest Funds for Loan Group 2 and Loan Group 3 for such Distribution Date, and the denominator of which is (b) the sum of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 3 as of the first day of the related Due Period (after giving effect to principal prepayments received during the Prepayment Period that ends during such Due Period) plus any amounts on deposit in the Pre-Funding Account in respect of Loan Group 3 as of the first day of that Due Period, and

(iv) with respect to each class of Adjustable Rate Subordinate Certificates, the weighted average of the Net Rate Caps for the Class 2-AV and Class 3-AV Certificates (weighted by an amount equal to the positive difference (if any) of the sum of the aggregate Stated Principal Balance of the Mortgage Loans in the related Loan Group and the amount on deposit in the Pre-Funding Account in respect of that Loan Group over the outstanding aggregate Certificate Principal Balance of the Class 2-AV and Class 3-AV Certificates, respectively).

“**Net Rate Carryover**” for a class of interest-bearing certificates on any Distribution Date means the excess of:

(1) the amount of interest that the class would have accrued for the Distribution Date had the Pass-Through Rate for that class and the related Accrual Period not been calculated based on the applicable Net Rate Cap, *over*

(2) the amount of interest the class accrued on the Distribution Date based on the applicable Net Rate Cap,

plus the unpaid portion of this excess from prior Distribution Dates (and interest accrued thereon at the then applicable Pass-Through Rate, without giving effect to the applicable Net Rate Cap). Any Net Rate Carryover for the Class 1-AF Certificates will not be covered by the Class 1-AF Policy.

“**Pass-Through Margin**” for each class of Adjustable Rate Certificates means the following:

	(1)	(2)
Class 1-AF-1	0.120%	0.120%
Class 2-AV	0.150%	0.300%
Class 3-AV-1	0.050%	0.100%
Class 3-AV-2	0.150%	0.300%
Class 3-AV-3	0.250%	0.500%
Class MV-1	0.290%	0.435%
Class MV-2	0.310%	0.465%
Class MV-3	0.320%	0.480%
Class MV-4	0.380%	0.570%
Class MV-5	0.420%	0.630%
Class MV-6	0.470%	0.705%
Class MV-7	0.950%	1.425%
Class MV-8	1.200%	1.800%
Class BV	2.200%	3.300%

(1) For each Accrual Period relating to any Distribution Date occurring on or prior to the Optional Termination Date.

(2) For each Accrual Period relating to any Distribution Date occurring after the Optional Termination Date.

“**Pass-Through Rate**” with respect to each Accrual Period and each class of Adjustable Rate Certificates means a per annum rate equal to the lesser of:

(1) One-Month LIBOR for the Accrual Period (calculated as described below under “— *Calculation of One-Month LIBOR*”) plus the Pass-Through Margin for the class and Accrual Period, and

(2) the applicable Net Rate Cap for the related Distribution Date.

“**Pass-Through Rate**” with respect to each Accrual Period and the Fixed Rate Certificates means a per annum rate equal to the lesser of:

(1) the per annum fixed rate for the class and the Accrual Period set forth in the table below and

(2) the applicable Net Rate Cap for the related Distribution Date.

	(1)	(2)
Class 1-AF-2	5.884%	5.884%
Class 1-AF-3	5.944%	5.944%
Class 1-AF-4	6.229%	6.229%
Class 1-AF-5	6.473%	6.973%
Class 1-AF-6	6.034%	6.034%

(1) For each Accrual Period relating to any Distribution Date occurring on or prior to the Optional Termination Date.

(2) For each Accrual Period relating to any Distribution Date occurring after the Optional Termination Date.

“**Seller Shortfall Interest Requirement**” with respect to the Master Servicer Advance Date in each of August 2006, September 2006 and October 2006 means the sum of:

(a) the product of (1) the excess of the aggregate Stated Principal Balance for the Distribution Date of all the Mortgage Loans in the Mortgage Pool (including the Subsequent Mortgage

Loans, if any) owned by the issuing entity at the beginning of the related Due Period, over the aggregate Stated Principal Balance for the Distribution Date of the Mortgage Loans (including the Subsequent Mortgage Loans, if any) that have a scheduled payment of interest due in the related Due Period, and (2) a fraction, the numerator of which is the weighted average Net Mortgage Rate of all the Mortgage Loans in the Mortgage Pool (including the Subsequent Mortgage Loans, if any) (weighted on the basis of the Stated Principal Balances thereof for the Distribution Date) and the denominator of which is 12; and

(b) the product of (1) the amount on deposit in the Pre-Funding Account at the beginning of the related Due Period, and (2) a fraction, the numerator of which is the weighted average Net Mortgage Rate of the Mortgage Loans (including Subsequent Mortgage Loans, if any) owned by the issuing entity at the beginning of the related Due Period (weighted on the basis of the Stated Principal Balances thereof for the Distribution Date) and the denominator of which is 12.

“**Trustee Fee Rate**” means a rate equal to 0.009% per annum.

Definitions related to Principal Calculations and Distributions.

“**Adjustable Rate Cumulative Loss Trigger Event**” with respect to any Distribution Date on or after the Adjustable Rate Stepdown Date, an Adjustable Rate Cumulative Loss Trigger Event is in effect if (x) the aggregate amount of Realized Losses on the Mortgage Loans in Loan Group 2 and Loan Group 3 from the Cut-off Date for each Mortgage Loan in Loan Group 2 and Loan Group 3 to (and including) the last day of the related Due Period (reduced by the aggregate amount of any Subsequent Recoveries related to Loan Group 2 and Loan Group 3 received through the last day of that Due Period) exceeds (y) the applicable percentage, for the Distribution Date, of the sum of the aggregate Initial Cut-off Date Principal Balance of the Initial Mortgage Loans in Loan Group 2 and Loan Group 3 and the original Pre-Funded Amount in respect of Loan Group 2 and Loan Group 3, as set forth below:

<u>Distribution Date</u>	<u>Percentage</u>
August 2008 — July 2009.....	1.55% with respect to August 2008, plus an additional 1/12th of 1.90% for each month thereafter through July 2009
August 2009 — July 2010.....	3.45% with respect to August 2009, plus an additional 1/12th of 2.05% for each month thereafter through July 2010
August 2010 — July 2011.....	5.50% with respect to August 2010, plus an additional 1/12th of 1.65% for each month thereafter through July 2011
August 2011 — July 2012.....	7.15% with respect to August 2011, plus an additional 1/12th of 0.95% for each month thereafter through July 2012
August 2012 — July 2013.....	8.10% with respect to August 2012, plus an additional 1/12th of 0.10% for each month thereafter through July 2013
August 2013 and thereafter	8.20%

“Adjustable Rate Delinquency Trigger Event” with respect to any Distribution Date on or after the Adjustable Rate Stepdown Date exists if the Rolling Sixty-Day Delinquency Rate for the outstanding Mortgage Loans in Loan Group 2 and Loan Group 3 equals or exceeds the product of (x) the Adjustable Rate Senior Enhancement Percentage for the Distribution Date and (y) the applicable percentage listed below for the most senior class of outstanding Class AV Certificates and Adjustable Rate Subordinate Certificates:

Class	Percentage
AV.....	32.60%
MV-1.....	39.94%
MV-2.....	49.40%
MV-3.....	57.51%
MV-4.....	67.50%
MV-5.....	80.77%
MV-6.....	99.15%
MV-7.....	126.11%
MV-8.....	167.17%
BV.....	217.83%

“Adjustable Rate Overcollateralization Reduction Amount” for any Distribution Date is an amount equal to the lesser of (i) the Adjustable Rate Excess Overcollateralization Amount for the Distribution Date and (ii) the Principal Remittance Amount for Loan Group 2 and Loan Group 3 for the Distribution Date.

“Adjustable Rate Excess Overcollateralization Amount” for any Distribution Date, is the excess, if any, of the Adjustable Rate Overcollateralized Amount for the Distribution Date over the Adjustable Rate Overcollateralization Target Amount for the Distribution Date.

“Adjustable Rate OC Floor” means an amount equal to 0.50% of the sum of the aggregate Initial Cut-off Date Principal Balance of the Initial Mortgage Loans in Loan Group 2 and Loan Group 3 and the original Pre-Funded Amount in respect of Loan Group 2 and Loan Group 3.

“Adjustable Rate Overcollateralization Deficiency Amount” with respect to any Distribution Date means the amount, if any, by which the Adjustable Rate Overcollateralization Target Amount exceeds the Adjustable Rate Overcollateralized Amount on the Distribution Date (after giving effect to distribution of the Principal Distribution Amount (other than the portion thereof consisting of the Extra Principal Distribution Amount) for Loan Group 2 and Loan Group 3 on the Distribution Date).

“Adjustable Rate Overcollateralization Target Amount” with respect to any Distribution Date means (a) prior to the Adjustable Rate Stepdown Date, an amount equal to 3.30% of the sum of the aggregate Initial Cut-off Date Principal Balance of the Initial Mortgage Loans in Loan Group 2 and Loan Group 3 and the original Pre-Funded Amount in respect of Loan Group 2 and Loan Group 3 and (b) on or after the Adjustable Rate Stepdown Date, the greater of (i) an amount equal to 6.60% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for the current Distribution Date and (ii) the Adjustable Rate OC Floor; provided, however, that if an Adjustable Rate Trigger Event is in effect on any Distribution Date, the Adjustable Rate Overcollateralization Target Amount will be the Adjustable Rate Overcollateralization Target Amount as in effect for the prior Distribution Date.

“Adjustable Rate Overcollateralized Amount” for any Distribution Date means the amount, if any, by which (x) the sum of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for the Distribution Date and any amount on deposit in the Pre-Funding Account in respect of Loan Group 2 and Loan Group 3 on the Distribution Date exceeds (y) the sum of the aggregate Certificate Principal Balance of the Class AV Certificates and the Adjustable Rate Subordinate Certificates as of the Distribution Date (after giving effect to distribution of the Principal Remittance Amount for Loan Group 2 and Loan Group 3 to be made on the Distribution Date and, in the case of the Distribution Date immediately following the end of the Funding Period, any amounts to be released from the Pre-Funding Account in respect of Loan Group 2 and Loan Group 3).

“Adjustable Rate Senior Enhancement Percentage” with respect to any Distribution Date on or after the Adjustable Rate Stepdown Date means a fraction (expressed as a percentage):

- (1) the numerator of which is the excess of:
 - (a) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for the preceding Distribution Date over
 - (b) (i) before the Certificate Principal Balances of the Class AV Certificates have been reduced to zero, the sum of the Certificate Principal Balances of the Class AV Certificates, or
(ii) after the Certificate Principal Balances of the Class AV Certificates have been reduced to zero, the Certificate Principal Balance of the most senior class of Adjustable Rate Subordinate Certificates outstanding, as of the preceding Master Servicer Advance Date, and
- (2) the denominator of which is the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for the preceding Distribution Date.

“Adjustable Rate Stepdown Date” is the earlier to occur of:

- (a) the Distribution Date on which the aggregate Certificate Principal Balance of the Class AV Certificates is reduced to zero, and
- (b) the later to occur of (x) the Distribution Date in August 2009 and (y) the first Distribution Date on which the aggregate Certificate Principal Balance of the Class AV Certificates (after calculating anticipated distributions on the Distribution Date) is less than or equal to 55.90% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for the Distribution Date.

“Adjustable Rate Subordinate Class Principal Distribution Amount” for each class of Adjustable Rate Subordinate Certificates and Distribution Date means the excess of:

- (1) the sum of:
 - (a) the aggregate Certificate Principal Balance of the Class AV Certificates (after taking into account distribution of the Class 2-AV Principal Distribution Amount and Class 3-AV Principal Distribution Amount for the Distribution Date),
 - (b) the aggregate Certificate Principal Balance of any classes of Adjustable Rate Subordinate Certificates that are senior to the subject class (in each case, after taking into account distribution of the Adjustable Rate Subordinate Class Principal Distribution Amount(s) for the senior class(es) of Certificates for the Distribution Date), and
 - (c) the Certificate Principal Balance of the subject class of Adjustable Rate Subordinate Certificates immediately prior to the Distribution Date over
- (2) the lesser of (a) the product of (x) 100% minus the Stepdown Target Subordination Percentage for the subject class of Certificates and (y) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for the Distribution Date and (b) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for the Distribution Date minus the Adjustable Rate OC Floor;

provided, however, that if a class of Adjustable Rate Subordinate Certificates is the only class of Adjustable Rate Subordinate Certificates outstanding on the Distribution Date, that class will be entitled to receive the entire remaining Principal Distribution Amount for Loan Group 2 and Loan Group 3 until the Certificate Principal Balance thereof is reduced to zero.

“Adjustable Rate Trigger Event” with respect to any Distribution Date on or after the Adjustable Rate Stepdown Date means either an Adjustable Rate Delinquency Trigger Event with respect to that Distribution Date or an Adjustable Rate Cumulative Loss Trigger Event with respect to that Distribution Date.

“Class 1-AF Principal Distribution Amount” for any Distribution Date means the excess of:

- (1) the aggregate Certificate Principal Balance of the Class 1-AF Certificates immediately prior to the Distribution Date, over
- (2) the lesser of (i) 95.40% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for the Distribution Date and (ii) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for the Distribution Date minus the Fixed Rate OC Floor.

“Class AV Principal Distribution Target Amount” for any Distribution Date means the excess of:

- (1) the aggregate Certificate Principal Balance of the Class AV Certificates immediately prior to the Distribution Date, over
- (2) the lesser of (i) 55.90% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for the Distribution Date and (ii) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 for the Distribution Date minus the Adjustable Rate OC Floor.

“Class 2-AV Principal Distribution Amount” for any Distribution Date means the product of (x) the Class AV Principal Distribution Target Amount and (y) a fraction, the numerator of which is the Principal Remittance Amount for Loan Group 2 and the denominator of which is the sum of the Principal Remittance Amounts for Loan Group 2 and Loan Group 3.

“Class 3-AV Principal Distribution Amount” for any Distribution Date means the product of (x) the Class AV Principal Distribution Target Amount and (y) a fraction, the numerator of which is the Principal Remittance Amount for Loan Group 3 and the denominator of which is the sum of the Principal Remittance Amounts for Loan Group 2 and Loan Group 3.

“Extra Principal Distribution Amount” with respect to any Distribution Date and (A) Loan Group 1 means the lesser of (1) the Fixed Rate Overcollateralization Deficiency Amount and (2) the sum of the Fixed Rate Excess Cashflow and Fixed Rate Credit Comeback Excess Cashflow available for payment thereof in the priority set forth in this prospectus supplement and (B) Loan Group 2 and Loan Group 3, is the lesser of (1) the Adjustable Rate Overcollateralization Deficiency Amount and (2) the Adjustable Rate Excess Cashflow and Adjustable Rate Credit Comeback Excess Cashflow available for payment thereof in the priority set forth in this prospectus supplement.

“Fixed Rate Cumulative Loss Trigger Event” with respect to any Distribution Date on or after the Fixed Rate Stepdown Date, a Fixed Rate Cumulative Loss Trigger Event is in effect if (x) the aggregate amount of Realized Losses on the Mortgage Loans in Loan Group 1 from the Cut-off Date for each Mortgage Loan in Loan Group 1 to (and including) the last day of the related Due Period (reduced by the aggregate amount of any Subsequent Recoveries related to Loan Group 1 received through the last day of that Due Period) exceeds (y) the applicable percentage, for the Distribution Date, of the sum of the aggregate Initial Cut-off Date Principal Balance of the Initial Mortgage Loans in Loan Group 1 and the original Pre-Funded Amount in respect of Loan Group 1, as set forth below:

<u>Distribution Date</u>	<u>Percentage</u>
August 2008 — July 2009.....	0.85% with respect to August 2008, plus an additional 1/12th of 1.10% for each month thereafter through July 2009
August 2009 — July 2010.....	1.95% with respect to August 2009, plus an additional 1/12th of 1.35% for each month thereafter through July 2010
August 2010 — July 2011.....	3.30% with respect to August 2010, plus an additional 1/12th of 1.10% for each month thereafter through July 2011
August 2011 — July 2012.....	4.40% with respect to August 2011, plus an additional 1/12th of 0.85% for each month thereafter through July 2012
August 2012 — July 2013.....	5.25% with respect to August 2012, plus an additional 1/12th of 0.25% for each month thereafter through July 2013
August 2013 and thereafter	5.50%

“Fixed Rate Delinquency Trigger Event” with respect to any Distribution Date on or after the Fixed Rate Stepdown Date exists if the Rolling Sixty-Day Delinquency Rate for the outstanding Mortgage Loans in Loan Group 1 equals or exceeds the product of (x) the Fixed Rate Senior Enhancement Percentage for the Distribution Date and (y) 50.00%.

“Fixed Rate Overcollateralization Reduction Amount” for any Distribution Date is an amount equal to the lesser of (i) the Fixed Rate Excess Overcollateralization Amount for the Distribution Date and (ii) the Principal Remittance Amount for Loan Group 1 for the Distribution Date.

“Fixed Rate Excess Overcollateralization Amount” for any Distribution Date, is the excess, if any, of the Fixed Rate Overcollateralized Amount for the Distribution Date over the Fixed Rate Overcollateralization Target Amount for the Distribution Date.

“Fixed Rate OC Floor” means an amount equal to 0.50% of the sum of the aggregate Initial Cut-off Date Principal Balance of the Initial Mortgage Loans in Loan Group 1 and the original Pre-Funded Amount in respect of Loan Group 1.

“Fixed Rate Overcollateralization Deficiency Amount” with respect to any Distribution Date means the amount, if any, by which the Fixed Rate Overcollateralization Target Amount exceeds the Fixed Rate Overcollateralized Amount on the Distribution Date (after giving effect to distribution of the Principal Distribution Amount (other than the portion thereof consisting of the Extra Principal Distribution Amount) for Loan Group 1 on the Distribution Date).

“Fixed Rate Overcollateralization Target Amount” means with respect to any Distribution Date (a) prior to the Fixed Rate Stepdown Date, an amount equal to 2.30% of the sum of the aggregate Initial Cut-off Date Principal Balance of the Initial Mortgage Loans in Loan Group 1 and the original Pre-Funded Amount in respect of Loan Group 1 and (b) on or after the Fixed Rate Stepdown Date, the greater of (i) an amount equal to 4.60% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for the current Distribution Date and (ii)

the Fixed Rate OC Floor; provided, however, that if a Fixed Rate Trigger Event is in effect on any Distribution Date, the Fixed Rate Overcollateralization Target Amount will be the Fixed Rate Overcollateralization Target Amount as in effect for the prior Distribution Date.

“Fixed Rate Overcollateralized Amount” for any Distribution Date means the amount, if any, by which (x) the sum of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for the Distribution Date and any amount on deposit in the Pre-Funding Account in respect of Loan Group 1 on the Distribution Date exceeds (y) the aggregate Certificate Principal Balance of the Class 1-AF Certificates as of the Distribution Date (after giving effect to distribution of the Principal Remittance Amount from Loan Group 1 to be made on the Distribution Date and, in the case of the Distribution Date immediately following the end of the Funding Period, any amounts to be released from the Pre-Funding Account in respect of Loan Group 1).

“Fixed Rate Senior Enhancement Percentage” with respect to any Distribution Date on or after the Fixed Rate Stepdown Date means a fraction (expressed as a percentage):

- (1) the numerator of which is the excess of:
 - (a) the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for the preceding Distribution Date over
 - (b) the sum of the Certificate Principal Balances of the Class 1-AF Certificates as of the preceding Master Servicer Advance Date, and
- (2) the denominator of which is the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for the preceding Distribution Date.

“Fixed Rate Stepdown Date” is the later to occur of (x) the Distribution Date in August 2009 and (y) the first Distribution Date on which the aggregate Certificate Principal Balance of the Class 1-AF Certificates (after calculating anticipated distributions on the Distribution Date) is less than or equal to 95.40% of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 for the Distribution Date.

“Fixed Rate Trigger Event” with respect to any Distribution Date on or after the Fixed Rate Stepdown Date means either a Fixed Rate Delinquency Trigger Event with respect to that Distribution Date or a Fixed Rate Cumulative Loss Trigger Event with respect to that Distribution Date.

“Group 2 Overcollateralization Reduction Amount” for any Distribution Date is the Adjustable Rate Overcollateralization Reduction Amount for such Distribution Date multiplied by a fraction, the numerator of which is the Principal Remittance Amount for Loan Group 2 for such Distribution Date, and the denominator of which is the aggregate Principal Remittance Amount for Loan Group 2 and Loan Group 3 for such Distribution Date.

“Group 3 Overcollateralization Reduction Amount” for any Distribution Date is the Adjustable Rate Overcollateralization Reduction Amount for such Distribution Date multiplied by a fraction, the numerator of which is the Principal Remittance Amount for Loan Group 3 for such Distribution Date, and the denominator of which is the aggregate Principal Remittance Amount for Loan Group 2 and Loan Group 3 for such Distribution Date.

“**Initial Target Subordination Percentage**” and “**Stepdown Target Subordination Percentage**” for any class of Subordinate Certificates means the respective percentages indicated in the following table:

	Initial Target Subordination Percentage	Stepdown Target Subordination Percentage
Class MV-1	18.00%	36.00%
Class MV-2	14.55%	29.10%
Class MV-3	12.50%	25.00%
Class MV-4	10.65%	21.30%
Class MV-5	8.90%	17.80%
Class MV-6	7.25%	14.50%
Class MV-7	5.70%	11.40%
Class MV-8	4.30%	8.60%
Class BV	3.30%	6.60%

The Initial Target Subordination Percentages will not be used to calculate distributions on the Subordinate Certificates, but rather are presented in order to provide a better understanding of the credit enhancement provided by the Subordinate Certificates and the related overcollateralization amount. The Initial Target Subordination Percentage for any class of Subordinate Certificates is equal to a fraction, expressed as a percentage, the numerator of which is equal to the aggregate original Certificate Principal Balance of any class(es) of Certificates subordinate to the subject class plus the initial related Overcollateralization Target Amount and the denominator of which is equal to the sum of the aggregate Initial Cut-off Date Principal Balance of the Initial Mortgage Loans in the related Loan Group and the original Pre-Funded Amount in respect of the related Loan Group.

“**NAS Principal Distribution Amount**” for any Distribution Date means the product of:

- (1) a fraction, the numerator of which is the Certificate Principal Balance of the Class 1-AF-6 Certificates and the denominator of which is the aggregate Certificate Principal Balance of the Class 1-AF Certificates, in each case immediately prior to the Distribution Date,
- (2) any amounts to be distributed to the Class 1-AF Certificates on the Distribution Date pursuant to clause (1)(B) or (2)(B) under “—*Distributions of Principal Distribution Amount for Loan Group 1*” below and
- (3) the applicable percentage for the Distribution Date set forth in the following table:

<u>Distribution Date</u>	<u>Percentage</u>
August 2006 — July 2009	0%
August 2009 — July 2011	45%
August 2011 — July 2012	80%
August 2012 — July 2013	100%
August 2013 and thereafter	300%

of: “**Principal Distribution Amount**” with respect to each Distribution Date and a Loan Group means the sum

- (1) the Principal Remittance Amount for the Loan Group for the Distribution Date (in the case of Loan Group 2 and Loan Group 3, less any portion of such amount used to cover any payment due to the Swap Counterparty with respect to such Distribution Date),
 - (2) the Extra Principal Distribution Amount for the Loan Group for the Distribution Date,
- and

(3) with respect to the Distribution Date immediately following the end of the Funding Period, the amount, if any, remaining in the Pre-Funding Account at the end of the Funding Period (net of any investment income therefrom) allocable to the Loan Group.

minus

(4) (a) the Fixed Rate Overcollateralization Reduction Amount for the Distribution Date, in the case of Loan Group 1, (b) the Group 2 Overcollateralization Reduction Amount for the Distribution Date, in the case of Loan Group 2 and (c) the Group 3 Overcollateralization Reduction Amount for the Distribution Date, in the case of Loan Group 3.

“Principal Remittance Amount” with respect to each Loan Group and any Distribution Date means:

(a) the sum, without duplication, of:

(1) the scheduled principal collected during the related Due Period or advanced with respect to the Distribution Date,

(2) prepayments collected in the related Prepayment Period,

(3) the Stated Principal Balance of each Mortgage Loan that was repurchased by a Seller or purchased by the Master Servicer,

(4) the amount, if any, by which the aggregate unpaid principal balance of any Replacement Mortgage Loans delivered by Countrywide Home Loans in connection with a substitution of a Mortgage Loan is less than the aggregate unpaid principal balance of any Deleted Mortgage Loans, and

(5) all Liquidation Proceeds (to the extent that the Liquidation Proceeds relate to principal) and Subsequent Recoveries collected during the related Due Period, less

(b) all Advances relating to principal and certain expenses reimbursed during the related Due Period,

in each case with respect to the Mortgage Loans in the Loan Group.

“Realized Loss” means with respect to any defaulted Mortgage Loan, the excess of the Stated Principal Balance of the defaulted Mortgage Loan over the Liquidation Proceeds allocated to principal that have been received with respect to the defaulted Mortgage Loan on or at any time prior to the last day of the related Due Period during which the defaulted Mortgage Loan is liquidated.

“Rolling Sixty-Day Delinquency Rate” with respect to any Distribution Date on or after the related Stepdown Date and any Loan Group, means the average of the Sixty-Day Delinquency Rates for the Loan Group and the Distribution Date and the two immediately preceding Distribution Dates.

“Sixty-Day Delinquency Rate” with respect to any Distribution Date on or after the related Stepdown Date and any Loan Group, means a fraction, expressed as a percentage, the numerator of which is the aggregate Stated Principal Balance for the Distribution Date of all Mortgage Loans in the Loan Group 60 or more days delinquent as of the close of business on the last day of the calendar month preceding the Distribution Date (including Mortgage Loans in foreclosure, bankruptcy and REO Properties) and the denominator of which is the aggregate Stated Principal Balance for the Distribution Date of all Mortgage Loans in the Loan Group.

“Trigger Event” means an Adjustable Rate Trigger Event or a Fixed Rate Trigger Event, as the case may be.

“Unpaid Realized Loss Amount” means for any class of Certificates, (x) the portion of the aggregate Applied Realized Loss Amount previously allocated to that class remaining unpaid from prior Distribution Dates (in the case of any class of Class 1-AF Certificates, as reduced by any payment made by the Class 1-AF Insurer in respect of that class under the Class 1-AF Policy) minus (y) any increase in the Certificate Principal Balance of that class due to the allocation of Subsequent Recoveries to the Certificate Principal Balance of that class.

Deposits to the Certificate Account

The Master Servicer will establish and initially maintain a certificate account (the **“Certificate Account”**) for the benefit of the Trustee on behalf of the certificateholders and the Class 1-AF Insurer. The Master Servicer will initially establish the Certificate Account at Countrywide Bank, N.A., which is an affiliate of the Master Servicer. On a daily basis within two Business Days after receipt, the Master Servicer will deposit or cause to be deposited into the Certificate Account the following payments and collections received by it in respect to the Mortgage Loans after the Cut-off Date (other than any scheduled principal due on or prior to the Cut-off Date and any interest accruing prior to the Cut-off Date):

- (1) all payments on account of principal, including Principal Prepayments, on the Mortgage Loans,
- (2) all payments on account of interest (other than interest accruing on the Mortgage Loans prior to the Cut-off Date) on the Mortgage Loans, net of the related Master Servicing Fees on the Mortgage Loans and net of Prepayment Interest Excess,
- (3) all Insurance Proceeds (including proceeds from the Pool Insurance Policy but excluding proceeds from the Class 1-AF Policy), Liquidation Proceeds and Subsequent Recoveries,
- (4) all payments made by the Master Servicer in respect of Compensating Interest,
- (5) all payments made by a Seller in connection with the repurchase of any Mortgage Loan due to the breach of certain representations, warranties or covenants by the Seller that obligates the Seller to repurchase the Mortgage Loan in accordance with the Pooling and Servicing Agreement,
- (6) all payments made by the Master Servicer in connection with the purchase of any Mortgage Loans which are 150 days delinquent in accordance with the Pooling and Servicing Agreement,
- (7) all prepayment charges paid by a borrower in connection with the full or partial prepayment of the related Mortgage Loan,
- (8) any amount required to be deposited by the Master Servicer in connection with any losses on investment of funds in the Certificate Account,
- (9) any amounts required to be deposited by the Master Servicer with respect to any deductible clause in any blanket hazard insurance policy maintained by the Master Servicer in lieu of requiring each borrower to maintain a primary hazard insurance policy,
- (10) all amounts required to be deposited in connection with shortfalls in the principal amount of Replacement Mortgage Loans, and
- (11) all Advances.

On the Business Day prior to the Master Servicer Advance Date in each of August 2006, September 2006 and October 2006, Countrywide Home Loans will remit to the Master Servicer, and the Master Servicer will deposit in the Certificate Account, the Seller Shortfall Interest Requirement (if any) for the Master Servicer Advance Date. Prior to their deposit in the Collection Account, payments and collections on the Mortgage Loans will be commingled with payments and collections on other mortgage loans and other funds of the Master Servicer. For a

discussion of the risks that arise from the commingling of payments and collections, see “*Risk Factors — Bankruptcy Or Insolvency May Affect The Timing And Amount Of Distributions On The Securities*” in the prospectus.

Withdrawals from the Certificate Account

The Master Servicer may from time to time withdraw funds from the Certificate Account prior to the related Distribution Account Deposit Date for the following purposes:

- (1) to pay to the Master Servicer the Master Servicing Fees on the Mortgage Loans to the extent not previously paid to or withheld by the Master Servicer (subject, in the case of Master Servicing Fees, to reduction as described above under “*Servicing of the Mortgage Loans — Adjustment to Master Servicing Fee in Connection With Certain Prepaid Mortgage Loans*”) and, as additional servicing compensation, assumption fees, late payment charges (excluding prepayment charges), net earnings on or investment income with respect to funds in or credited to the Certificate Account and the amount of Prepayment Interest Excess for the related Prepayment Period,
- (2) to reimburse the Master Servicer and the Trustee for Advances, which right of reimbursement with respect to any Mortgage Loan pursuant to this clause (2) is limited to amounts received that represent late recoveries of payments of principal and/or interest on the related Mortgage Loan (or Insurance Proceeds, Liquidation Proceeds or Subsequent Recoveries with respect thereto) with respect to which the Advance was made,
- (3) to reimburse the Master Servicer and the Trustee for any Advances previously made that the Master Servicer has determined to be nonrecoverable (and prior to the reimbursement, the Master Servicer will deliver to the Trustee an officer’s certificate indicating the amount of the nonrecoverable Advance and identifying the related Mortgage Loan(s), and their respective portions of the nonrecoverable advance),
- (4) to reimburse the Master Servicer from Insurance Proceeds for expenses incurred by the Master Servicer and covered by the related insurance policy,
- (5) to pay to the Master Servicer any unpaid Master Servicing Fees and to reimburse it for any unreimbursed ordinary and necessary out-of-pocket costs and expenses incurred by the Master Servicer in the performance of its master servicing obligations including, but not limited to, the cost of (i) the preservation, restoration and protection of a Mortgaged Property, (ii) any enforcement or judicial proceedings, including foreclosures, (iii) the management and liquidation of any REO Property and (iv) maintaining any required insurance policies (“*Servicing Advances*”), which right of reimbursement pursuant to this clause (5) is limited to amounts received representing late recoveries of the payments of these costs and expenses (or Liquidation Proceeds or Subsequent Recoveries, purchase proceeds or repurchase proceeds with respect thereto),
- (6) to pay to the applicable Seller or the Master Servicer, as applicable, with respect to each Mortgage Loan or Mortgaged Property acquired in respect thereof that has been purchased by that Seller or the Master Servicer from the issuing entity pursuant to the Pooling and Servicing Agreement, all amounts received thereon and not taken into account in determining the related Purchase Price of the purchased Mortgage Loan,
- (7) after the transfer from the Certificate Account for deposit to the Distribution Account of the Interest Remittance Amount and the Principal Remittance Amount on the related Distribution Account Deposit Date, to reimburse the applicable Seller, the Master Servicer, the NIM Insurer or the Depositor for expenses incurred and reimbursable pursuant to the Pooling and Servicing Agreement,
- (8) to withdraw any amount deposited in the Certificate Account and not required to be deposited therein, and

(9) to clear and terminate the Certificate Account upon termination of the Pooling and Servicing Agreement.

In addition, not later than 1:00 p.m. Pacific Time on the Business Day immediately preceding each Distribution Date (the “***Distribution Account Deposit Date***”), the Master Servicer will withdraw from the Certificate Account and remit to the Trustee the Prepayment Charges collected, the Interest Remittance Amount and the Principal Remittance Amount to the extent on deposit in the Certificate Account, and the Trustee will deposit the amount in the Distribution Account, as described below.

The Master Servicer is required to maintain separate accounting, on a Mortgage Loan by Mortgage Loan basis, for the purpose of justifying any withdrawal from the Certificate Account pursuant to clauses (1) through (6) above.

Deposits to the Distribution Account

The Trustee will establish and maintain a distribution account (the “***Distribution Account***”) on behalf of the certificateholders and the Class 1-AF Insurer. The Trustee will, promptly upon receipt, deposit in the Distribution Account and retain therein:

- (1) the aggregate amount remitted by the Master Servicer to the Trustee,
- (2) any amount required to be deposited by the Master Servicer in connection with any losses on investment of funds in the Distribution Account, and
- (3) the amount, if any, remaining in the Pre-Funding Account (net of any investment income therefrom) on the Distribution Date immediately following the end of the Funding Period.

Withdrawals from the Distribution Account

The Trustee will withdraw funds from the Distribution Account for distribution to the certificateholders and remittances to the Swap Account, the Fixed Rate Final Maturity Reserve Fund and the Adjustable Rate Final Maturity Reserve Fund and payment to the Class 1-AF Insurer as described below under “— *Distributions*” and may from time to time make withdrawals from the Distribution Account:

- (1) to pay the Trustee Fee to the Trustee,
- (2) to pay to the Master Servicer, as additional servicing compensation, earnings on or investment income with respect to funds in or credited to the Distribution Account,
- (3) to withdraw any amount deposited in the Distribution Account and not required to be deposited therein (which withdrawal may be at the direction of the Master Servicer through delivery of a written notice to the Trustee describing the amounts deposited in error), and
- (4) to reimburse the Trustee for any unreimbursed Advances, such right of reimbursement being limited to (x) amounts received on the related Mortgage Loans in respect of which any such Advance was made and (y) amounts not otherwise reimbursed to the Trustee pursuant to clause (2) under “—*Withdrawals from the Certificate Account*”,
- (5) to reimburse the Trustee for any nonrecoverable Advance previously made by it, such right of reimbursement being limited to amounts not otherwise reimbursed to it pursuant to clause (4) under “—*Withdrawals from the Certificate Account*”, and
- (6) to clear and terminate the Distribution Account upon the termination of the Pooling and Servicing Agreement.

There is no independent verification of the transaction accounts or the transaction activity with respect to the Distribution Account.

Prior to each Determination Date, the Master Servicer is required to provide the Trustee a report containing the data and information concerning the Mortgage Loans that is required by the Trustee to prepare the monthly statement to certificateholders for the related Distribution Date. See “— *Reports to Certificateholders*” in this prospectus supplement. The Trustee is not responsible for recomputing, recalculating or verifying the information provided to it by the Master Servicer in that report and will be permitted to conclusively rely on any information provided to it by the Master Servicer.

Investments of Amounts Held in Accounts

The Certificate Account, the Distribution Account and the Pre-Funding Account. All funds in the Certificate Account, the Distribution Account and the Pre-Funding Account will be invested in Permitted Investments at the direction of the Master Servicer. In the case of:

- the Certificate Account and the Distribution Account, all income and gain net of any losses realized from the investment will be for the benefit of the Master Servicer as additional servicing compensation and will be remitted to it monthly as described herein; and
- the Pre-Funding Account, all income and gain net of any losses realized from the investment will be for the benefit of Countrywide Home Loans and will be remitted to Countrywide Home Loans as described herein.

The amount of any losses incurred in the Certificate Account or the Distribution Account in respect of the investments will be deposited by the Master Servicer in the Certificate Account or paid to the Trustee for deposit into the Distribution Account out of the Master Servicer’s own funds immediately as realized. The amount of any losses incurred in the Pre-Funding Account in respect of the investments will be paid by Countrywide Home Loans to the Trustee for deposit into the Pre-Funding Account out of Countrywide Home Loans’ own funds immediately as realized. The Trustee will not be liable for the amount of any loss incurred in respect of any investment or lack of investment of funds held in the Certificate Account, the Distribution Account or the Pre-Funding Account and made in accordance with the Pooling and Servicing Agreement.

Carryover Reserve Fund and Credit Comeback Excess Account. Funds in the Carryover Reserve Fund and in the Credit Comeback Excess Account in respect of Fixed Rate Credit Comeback Excess Cashflow may be invested in Permitted Investments at the written direction of the majority holder of the Class CF Certificates. Funds in the Credit Comeback Excess Account in respect of Adjustable Rate Credit Comeback Excess Cashflow may be invested in Permitted Investments at the written direction of the majority holder of the Class CV Certificates.

If the Trustee does not receive written directions regarding investment, it will invest all funds in the Carryover Reserve Fund and the Credit Comeback Excess Account in Permitted Investments. Any net investment earnings will be paid pro rata to the holders of the class of Certificates entitled to direct the investments of the amounts, in accordance with their Percentage Interests. Any losses incurred in the Carryover Reserve Fund or the Credit Comeback Excess Account in respect of the investments will be charged against amounts on deposit in the Carryover Reserve Fund (or the investments) or Credit Comeback Excess Account (or the investments), as applicable, immediately as realized. The Trustee will not be liable for the amount of any loss incurred in respect of any investment or lack of investment of funds held in the Carryover Reserve Fund or Credit Comeback Excess Account and made in accordance with the Pooling and Servicing Agreement.

Swap Account. Funds in the Swap Account will not be invested.

Final Maturity Reserve Funds. The Final Maturity Reserve Funds will be assets of a separate trust referred to herein as the reserve fund trust. Funds in the Fixed Rate Final Maturity Reserve Fund and the Adjustable Rate Final Maturity Reserve Fund may be invested in permitted investments at the direction of the holders of the Class CF and Class CV Certificates, respectively. If the Trustee, on behalf of the reserve fund trust, does not receive written directions regarding investment, it will invest all funds in the applicable Final Maturity Reserve Fund in The

Bank of New York cash reserves. Any net investment earnings will be retained in the applicable Final Maturity Reserve Fund until withdrawn upon the termination of the pooling and servicing agreement. Any losses incurred in either Final Maturity Reserve Fund in respect of the investment will be charged against amounts on deposit in that Final Maturity Reserve Fund (or the investments) immediately as realized. The Trustee, on behalf of the reserve fund trust, will not be liable for the amount of any loss incurred in respect of any investment or lack of investment of funds held in either Final Maturity Reserve Fund and made in accordance with the Pooling and Servicing Agreement.

The Swap Account

The Trustee, in its capacity as trustee of the swap trust, will establish and maintain a swap account (the “**Swap Account**”) on behalf of the holders of the Swap Certificates and the Swap Counterparty. With respect to each Distribution Date, the Trustee will deposit into the Swap Account any portion of the Interest Funds for Loan Group 2 and Loan Group 3 for that Distribution Date (and, if necessary, any portion of the Principal Remittance Amount for Loan Group 2 and Loan Group 3 for that Distribution Date) that are to be remitted to the Swap Contract Administrator for payment to the Swap Counterparty, as well as any amounts received from the Swap Contract Administrator in respect of the Swap Contract, each as described below under “— *The Swap Contract*”. With respect to each Distribution Date, following the deposits to the Swap Account described in the preceding sentence, the Trustee will make a corresponding withdrawal from the Swap Account for remittance to the Swap Contract Administrator or distribution to the holders of the Swap Certificates, as the case may be depending on whether a Net Swap Payment is due to the Swap Counterparty or from the Swap Counterparty, as described below under “— *The Swap Contract*”.

Fees and Expenses

The following summarizes the related fees and expenses to be paid from the assets of the issuing entity and the source of payments for the fees and expenses:

Type / Recipient (1)	Amount	General Purpose	Source (2)	Frequency
Fees				
Master Servicing Fee / Master Servicer	One-twelfth of the Stated Principal Balance of each Mortgage Loan multiplied by the Servicing Fee Rate (3)	Compensation	Collections with respect to each Mortgage Loan and any Liquidation Proceeds or Subsequent Recoveries	Monthly
Additional Servicing Compensation / Master Servicer	<ul style="list-style-type: none"> • Prepayment Interest Excess (4) 	Compensation	Interest collections with respect to each Mortgage Loan	Time to time
	<ul style="list-style-type: none"> • All late payment fees, assumption fees and other similar charges (excluding prepayment charges) 	Compensation	Payments made by obligors with respect to the Mortgage Loans	Time to time
	<ul style="list-style-type: none"> • All investment income earned on amounts on deposit in the Certificate Account and Distribution Account. 	Compensation	Investment income related to the Certificate Account and Distribution Account	Monthly
Trustee Fee (the “ Trustee Fee ”) / Trustee	<ul style="list-style-type: none"> • Excess Proceeds (5) 	Compensation	Liquidation Proceeds and Subsequent Recoveries with respect to each Mortgage Loan	Time to time
	One-twelfth of the Trustee Fee Rate multiplied by the sum of (i) the aggregate Stated Principal Balance of the outstanding Mortgage Loans and (ii) any amounts remaining in the Pre-Funding Account (excluding any investment earnings thereon). (6)	Compensation	Interest Remittance Amount	Monthly
Expenses				
Class 1-AF Policy Premium and Reimbursement Amounts / Class 1-AF Insurer	One-twelfth of the aggregate Certificate Principal Balance of the Class 1-AF Certificates multiplied by the Class 1-AF Premium Rate (7)	Expense	Interest Funds for Loan Group 1 and, to the extent that Interest Funds are not sufficient, the Principal Remittance Amount for Loan Group 1	Monthly
Net Swap Payments / Swap Counterparty	Net Swap Payments (8)	Expense	Interest Funds for Loan Group 2 and Loan Group 3 and, to the extent that Interest Funds are not sufficient, the Principal Remittance Amount for Loan Group 2 and Loan Group 3	Monthly

Type / Recipient (1)	Amount	General Purpose	Source (2)	Frequency
Swap Termination Payment / Swap Counterparty	The Swap Termination Payment to which the Swap Counterparty may be entitled in the event of an early termination of the Swap Contract	Expense	Interest Funds for Loan Group 2 and Loan Group 3 and, to the extent that Interest Funds are not sufficient, the Principal Remittance Amount for Loan Group 2 and Loan Group 3 (9)	Time to time
Insurance premiums / Mortgage Insurance Providers	Insurance premium(s) for Mortgage Loan(s) covered by lender-paid mortgage insurance policies (other than the Pool Insurance Policy)	Expense	Interest collections on the related Mortgage Loan(s)	Monthly
Insurance expenses / Master Servicer	Expenses incurred by the Master Servicer	Reimbursement of Expenses	To the extent the expenses are covered by an insurance policy with respect to the Mortgage Loan	Time to time
Servicing Advances / Master Servicer	To the extent of funds available, the amount of any Servicing Advances.	Reimbursement of Expenses	With respect to each Mortgage Loan, late recoveries of the payments of the costs and expenses, Liquidation Proceeds, Subsequent Recoveries, purchase proceeds or repurchase proceeds for that Mortgage Loan (10)	Time to time
Indemnification expenses / the Sellers, the Master Servicer, the NIM Insurer and the Depositor	Amounts for which the Sellers, the Master Servicer, the NIM Insurer and Depositor are entitled to indemnification (11)	Indemnification	Amounts on deposit on the Certificate Account on any Distribution Account Deposit Date, following the transfer to the Distribution Account	Monthly

- (1) If the Trustee succeeds to the position of Master Servicer, it will be entitled to receive the same fees and expenses of the Master Servicer described in this prospectus supplement. Any change to the fees and expenses described in this prospectus supplement would require an amendment to the Pooling and Servicing Agreement. See “— *Amendment* ” in this prospectus supplement.
- (2) Unless otherwise specified, the fees and expenses shown in this table are paid (or retained by the Master Servicer in the case of amounts owed to the Master Servicer) prior to distributions on the Certificates.
- (3) The Servicing Fee Rate for each Mortgage Loan will equal 0.50% per annum. The amount of the monthly Master Servicing Fee is subject to adjustment with respect to Mortgage Loans that are prepaid in full, as described in this prospectus supplement under “*Servicing of the Mortgage Loans — Adjustment to Master Servicing Fee in Connection With Certain Prepaid Mortgage Loans*.”
- (4) Prepayment Interest Excess is described above in the prospectus supplement under “*Servicing of the Mortgage Loans — Servicing Compensation and Payment of Expenses*.”
- (5) Excess Proceeds is described above in this prospectus supplement under “— *Glossary of Terms — General Definitions*.”
- (6) The Trustee Fee Rate will equal 0.009% per annum.

- (7) The Class 1-AF Premium Rate will equal 0.13% per annum. The amount of any Reimbursement Amount due to the Class 1-AF Insurer with respect to any Distribution Date will be calculated as described under “*Description of the Certificates — Class 1-AF Certificate Guaranty Insurance Policy.*”
- (8) The amount of any Net Swap Payment due to the Swap Counterparty with respect to any Distribution Date will be calculated as described under “*Description of the Certificates — The Swap Contract.*”
- (9) Any Swap Termination Payment due to a Swap Counterparty Trigger Event will only be payable from adjustable rate excess cashflow as described under “*Description of the Certificates — Overcollateralization Provisions.*”
- (10) Reimbursement of Servicing Advances for a Mortgage Loan is limited to the late recoveries of the payments of the costs and expenses, Liquidation Proceeds, Subsequent Recoveries, purchase proceeds or repurchase proceeds for that Mortgage Loan.
- (11) Each of the Sellers, the Master Servicer, the NIM Insurer and the Depositor are entitled to indemnification of certain expenses as described in this prospectus supplement under “— *Certain Matters Regarding the Master Servicer, the Depositor, the Sellers and the NIM Insurer.*”

Distributions

General. Distributions on the Certificates will be made by the Trustee on each Distribution Date to the persons in whose names the Certificates are registered at the close of business on the Record Date.

Distributions will be made by check mailed to the address of the person entitled thereto as it appears on the Certificate Register or, in the case of any certificateholder that holds 100% of a class of Certificates or who holds a class of Certificates with an aggregate initial Certificate Principal Balance of \$1,000,000 or more and that has so notified the Trustee in writing in accordance with the Pooling and Servicing Agreement, by wire transfer in immediately available funds to the account of the certificateholder at a bank or other depository institution having appropriate wire transfer facilities; provided, however, that the final distribution in retirement of the Certificates will be made only upon presentation and surrender of the Certificates at the Corporate Trust Office of the Trustee. On each Distribution Date, a holder of a Certificate will receive its Percentage Interest of the amounts required to be distributed with respect to the applicable class of Certificates.

On each Distribution Date, the Trustee will withdraw all prepayment charges in the Distribution Account and distribute them (i) in the case of prepayment charges from the Mortgage Loans in Loan Group 1, to the Class PF Certificates, and (ii) in the case of prepayment charges from the Mortgage Loans in Loan Group 2 and Loan Group 3, to the Class PV Certificates.

Distributions of Interest. On each Distribution Date, the interest distributable with respect to the interest-bearing certificates is the interest which has accrued on the Certificate Principal Balance thereof immediately prior to that Distribution Date at the Pass-Through Rate during the applicable Accrual Period, and in the case of the Senior Certificates, any Interest Carry Forward Amount. For each class of Subordinate Certificates, any Interest Carry Forward Amount will be payable only from excess cashflow (if any) as and to the extent described under “— *Overcollateralization Provisions.*”

All calculations of interest on the Adjustable Rate Certificates will be made on the basis of a 360-day year and the actual number of days elapsed in the applicable Accrual Period. All calculations of interest on the Fixed Rate Certificates will be made on the basis of a 360-day year assumed to consist of twelve 30-day months.

The Pass-Through Rates for the Adjustable Rate Certificates are variable rates that may change from Distribution Date to Distribution Date. Additionally, the Pass-Through Rate for each of the Adjustable Rate Certificates (other than the Class 1-AF-1 Certificates) is subject to increase after the Optional Termination Date. On each Distribution Date, the Pass-Through Rate for each class of interest-bearing Certificates will be subject to the applicable Net Rate Cap. See the related definitions in “— *Glossary of Terms — Definitions related to Interest Calculations and Distributions*” for a more detailed understanding as to how the Net Rate Cap is calculated, and applied to the Pass-Through Rate.

If on any Distribution Date, the Pass-Through Rate for a class of interest-bearing Certificates is based on the applicable Net Rate Cap, each holder of the applicable Certificates will be entitled to receive the resulting shortfall only from remaining excess cashflow (if any) to the extent described in this prospectus supplement under “— *Overcollateralization Provisions*”, and, in the case of the Class 1-AF-1 Certificates, from payments (if any) allocated to the issuing entity in respect of the Corridor Contract, and, in the case of the Swap Certificates, from payments (if any) allocated to the issuing entity in respect of the Swap Contract that are available for that purpose. The Class 1-AF Policy will not cover any shortfalls caused by application of the applicable Net Rate Cap

Distributions of Interest Funds For Loan Group 1. On each Distribution Date, the Interest Funds for that Distribution Date with respect to Loan Group 1 are required to be distributed in the following order of priority, until those Interest Funds have been fully distributed:

- (1) to the Fixed Rate Final Maturity Reserve Fund, the Fixed Rate Final Maturity Reserve Fund Required Deposit for that Distribution Date,

(2) to the Class 1-AF Insurer, the monthly premium for the Class 1-AF Policy for such Distribution Date,

(3) concurrently to the classes of Class 1-AF Certificates, the Current Interest and Interest Carry Forward Amount for those classes, pro rata, based on their respective entitlements,

(4) to the Class 1-AF Insurer, any Reimbursement Amount,

(5) any remainder as part of the Fixed Rate Excess Cashflow to be allocated as described under “—*Overcollateralization Provisions*” below.

Distributions of Interest Funds for Loan Group 2 and Loan Group 3. On each Distribution Date, the Interest Funds for that Distribution Date with respect to Loan Group 2 and Loan Group 3 are required to be distributed in the following order of priority, until those Interest Funds have been fully distributed:

(1) from the Interest Funds for Loan Group 2 and Loan Group 3, pro rata based on the Interest Funds for each such Loan Group, to the Adjustable Rate Final Maturity Reserve Fund, the Adjustable Rate Final Maturity Reserve Fund Required Deposit for that Distribution Date;

(2) from the Interest Funds for Loan Group 2 and Loan Group 3, pro rata based on the Interest Funds for each such Loan Group, to the Swap Account, the amount of any Net Swap Payment and any Swap Termination Payment (other than a Swap Termination Payment due to a Swap Counterparty Trigger Event) payable to the Swap Counterparty with respect to such Distribution Date;

(3) concurrently:

(a) from the Interest Funds for Loan Group 2, to the Class 2-AV Certificates, the Current Interest and Interest Carry Forward Amount for that class,

(b) from the Interest Funds for Loan Group 3, concurrently to each class of Class 3-AV Certificates, the Current Interest and Interest Carry Forward Amount for each such class, pro rata based on their respective entitlements,

(4) from the remaining Interest Funds for Loan Group 2 and Loan Group 3, concurrently to each class of Class AV Certificates, any remaining Current Interest and Interest Carry Forward Amount not paid pursuant to clauses 3(a) and 3(b) above, pro rata based on the Certificate Principal Balances thereof, to the extent needed to pay any Current Interest and Interest Carry Forward Amount for each such class. Interest Funds remaining after such allocation to pay any Current Interest and Interest Carry Forward Amount based on the Certificate Principal Balances of the Certificates will be distributed to each class of Class AV Certificates with respect to which there remains any unpaid Current Interest and Interest Carry Forward Amount (after the distribution based on Certificate Principal Balances), pro rata based on the amount of such remaining unpaid Current Interest and Interest Carry Forward Amount,

(5) from the remaining Interest Funds for Loan Group 2 and Loan Group 3, sequentially:

(a) sequentially, to the Class MV-1, Class MV-2, Class MV-3, Class MV-4, Class MV-5, Class MV-6, Class MV-7, Class MV-8 and Class BV Certificates, in that order, the Current Interest for that class, and

(b) any remainder as part of the Adjustable Rate Excess Cashflow to be allocated as described under “—*Overcollateralization Provisions*” below.

Distributions of Funds from the Corridor Contract. On each Distribution Date on or prior to the Corridor Contract Termination Date, amounts allocated to the issuing entity in respect of the Corridor Contract for that

Distribution Date will be deposited in the Carryover Reserve Fund and then distributed to the Class 1-AF-1 Certificates, to the extent needed to pay any related Net Rate Carryover.

Any amounts allocated to the issuing entity in respect of the Corridor Contract that remain after the application of those amounts as described in the preceding paragraph will be distributed to the holders of the Class CF Certificates and will not be available for the payment of any Net Rate Carryover on any class or classes of Certificates unless the Corridor Contract is subject to an early termination, in which case the portion of any early termination payment allocated to the issuing entity in respect of the Corridor Contract will be deposited by the Trustee in the Carryover Reserve Fund to cover any Net Rate Carryover on the Class 1-AF-1 Certificates until the Corridor Contract Termination Date. See “— *Carryover Reserve Fund*” below.

Distributions of Principal. The manner of distributing principal among the classes of Certificates will differ depending upon whether a Distribution Date occurs on or after the related Stepdown Date and, on or after that date, whether a Trigger Event is in effect. Prior to the Stepdown Date for a Loan Group or if a Trigger Event for that Loan Group is in effect, all amounts distributable as principal on a Distribution Date will be allocated first to the related Senior Certificates, until those Senior Certificates are paid in full, before any distributions of principal are made on the related Subordinate Certificates.

On any Distribution Date on or after the Stepdown Date for a Loan Group and so long as no Trigger Event for that Loan Group is in effect, instead of allocating all amounts distributable as principal on the Certificates to the related Senior Certificates until those Senior Certificates are paid in full, a portion of those amounts distributable as principal will be allocated to the related Subordinate Certificates. The amount allocated to each class of Certificates on or after the related Stepdown Date and so long as no related Trigger Event is in effect will be based on the targeted level of overcollateralization and subordination for each class of Certificates. After the related Stepdown Date, if a related Trigger Event is in effect, the priority of principal payments will revert to the distribution priority prior to the related Stepdown Date. The amount to be distributed as principal on each Distribution Date are described in more detail under “— *Glossary of Terms — Definitions related to Principal Calculations and Distributions*” in this prospectus supplement.

Distributions of Principal Distribution Amount for Loan Group 1. On each Distribution Date, the Principal Distribution Amount for Loan Group 1 is required to be distributed as follows until the Principal Distribution Amount has been fully distributed (with the Principal Distribution Amount exclusive of the portion thereof consisting of the Extra Principal Distribution Amount being applied first and the Extra Principal Distribution Amount being applied thereafter):

(1) For each Distribution Date prior to the Fixed Rate Stepdown Date or on which a Fixed Rate Trigger Event is in effect, sequentially:

(A) to the Class 1-AF Insurer, any monthly premium for the Class 1-AF Policy for such Distribution Date remaining unpaid following the distribution of Interest Funds for Loan Group 1,

(B) to the classes of Class 1-AF Certificates, in the amounts and order of priority set forth in clause (3) below, until the Certificate Principal Balances thereof are reduced to zero,

(C) to the Class 1-AF Insurer, any Reimbursement Amount remaining unpaid following the distribution of Interest Funds for Loan Group 1, and

(D) any remainder as part of the Fixed Rate Excess Cashflow to be allocated as described under “— *Overcollateralization Provisions*” below.

(2) For each Distribution Date on or after the Fixed Rate Stepdown Date and so long as a Fixed Rate Trigger Event is not in effect, sequentially:

(A) to the Class 1-AF Insurer, any monthly premium for the Class 1-AF Policy for such Distribution Date remaining unpaid following the distribution of Interest Funds for Loan Group 1,

(B) in an amount up to the Class 1-AF Principal Distribution Amount, to the classes of Class 1-AF Certificates in the amounts and order of priority set forth in clause (3) below, until the Certificate Principal Balances thereof are reduced to zero,

(C) to the Class 1-AF Insurer, any Reimbursement Amount remaining unpaid following the distribution of Interest Funds for Loan Group 1,

(D) any remainder as part of the Fixed Rate Excess Cashflow to be allocated as described under “*Overcollateralization Provisions*” below.

(3) On each Distribution Date on which any principal amounts are to be distributed to the Classes of Class 1-AF Certificates, those amounts will be distributed to the Class 1-AF Certificates in the following order of priority:

(A) the NAS Principal Distribution Amount to the Class 1-AF-6 Certificates, until the Certificate Principal Balance thereof is reduced to zero,

(B) sequentially, to the Class 1-AF-1, Class 1-AF-2, Class 1-AF-3, Class 1-AF-4 and Class 1-AF-5 Certificates, in that order, in each case until the Certificate Principal Balance thereof is reduced to zero, and

(C) to the Class 1-AF-6 Certificates, without regard to the NAS Principal Distribution Amount, until the Certificate Principal Balance thereof is reduced to zero.

Distributions of Principal Distribution Amount for Loan Group 2 and Loan Group 3. On each Distribution Date, the Principal Distribution Amount for Loan Group 2 and Loan Group 3 is required to be distributed as follows until the Principal Distribution Amount has been fully distributed (with the Principal Distribution Amount exclusive of the portion thereof consisting of the Extra Principal Distribution Amount being applied first and the Extra Principal Distribution Amount being applied thereafter):

(1) For each Distribution Date prior to the Adjustable Rate Stepdown Date or on which an Adjustable Rate Trigger Event is in effect, sequentially:

(A) concurrently:

(i) from the Principal Distribution Amount for Loan Group 2, sequentially:

(a) to the Class 2-AV Certificates, until the Certificate Principal Balance thereof is reduced to zero, and

(b) to the classes of Class 3-AV Certificates (after the distribution of the Principal Distribution Amount from Loan Group 3 as provided in clause (1)(A)(ii)(a) below), in the amounts and order of priority set forth in clause (3) below, until the Certificate Principal Balances thereof are reduced to zero,

(ii) from the Principal Distribution Amount for Loan Group 3, sequentially:

(a) to the classes of Class 3-AV Certificates, in the amounts and order of priority set forth in clause (3) below, until the Certificate Principal Balances thereof are reduced to zero, and

(b) to the Class 2-AV Certificates (after the distribution of the Principal Distribution Amount from Loan Group 2 as provided in clause (1)(A)(i)(a) above), until the Certificate Principal Balance thereof is reduced to zero,

(B) from the remaining Principal Distribution Amounts for Loan Group 2 and Loan Group 3, sequentially:

(i) sequentially, to the Class MV-1, Class MV-2, Class MV-3, Class MV-4, Class MV-5, Class MV-6, Class MV-7, Class MV-8 and Class BV Certificates, in that order, in each case until the Certificate Principal Balance thereof is reduced to zero, and

(ii) any remainder as part of the Adjustable Rate Excess Cashflow to be allocated as described under “—*Overcollateralization Provisions*” below.

(2) For each Distribution Date on or after the Adjustable Rate Stepdown Date and so long as an Adjustable Rate Trigger Event is not in effect, from the Principal Distribution Amounts for Loan Group 2 and Loan Group 3, sequentially:

(A) concurrently:

(i) from the Principal Distribution Amount for Loan Group 2, in an amount up to the Class 2-AV Principal Distribution Amount, sequentially:

(a) to the Class 2-AV Certificates, until the Certificate Principal Balance thereof is reduced to zero, and

(b) to the classes of Class 3-AV Certificates (after the distribution of the Principal Distribution Amount from Loan Group 3 as provided in clause (2)(A)(ii)(a) below), in the amounts and order of priority set forth in clause (3) below, until the Certificate Principal Balances thereof are reduced to zero,

(ii) from the Principal Distribution Amount for Loan Group 3, in an amount up to the Class 3-AV Principal Distribution Amount, sequentially:

(a) to the classes of Class 3-AV Certificates, in the amounts and order of priority set forth in clause (3) below, until the Certificate Principal Balances thereof are reduced to zero, and

(b) to the Class 2-AV Certificates (after the distribution of the Principal Distribution Amount from Loan Group 2 as provided in clause (2)(A)(i)(a) above), until the Certificate Principal Balance thereof is reduced to zero,

(B) from the remaining Principal Distribution Amounts for Loan Group 2 and Loan Group 3, sequentially:

(i) sequentially, to the Class MV-1, Class MV-2, Class MV-3, Class MV-4, Class MV-5, Class MV-6, Class MV-7, Class MV-8 and Class BV Certificates, in that order, the Subordinate Class Principal Distribution Amount for that class, in each case until the Certificate Principal Balance thereof is reduced to zero, and

(ii) any remainder as part of the Adjustable Rate Excess Cashflow to be allocated as described under “—*Overcollateralization Provisions*” below.

(3) On each Distribution Date on which any principal amounts are to be distributed to the Class 3-AV Certificates, those amounts will be distributed, sequentially, to the Class 3-AV-1, Class

3-AV-2 and Class 3-AV-3 Certificates, in that order, until the Certificate Principal Balance thereof is reduced to zero.

Class 1-AF Policy. On any Distribution Date, the Trustee will distribute to the holders of each class of Class 1-AF Certificates, any Insured Payments received from the Class 1-AF Insurer with respect to each such class and such Distribution Date.

Residual Certificates. The Class A-R Certificates do not bear interest. The Class A-R Certificates will receive a distribution of \$100 of principal on the first Distribution Date, after which their Certificate Principal Balance will equal zero. The \$100 will be withdrawn from a reserve account established by the Trustee and funded by the Depositor on the Closing Date for the purposes of making distributions on the Class A-R, Class PF and Class PV Certificates. The Class A-R Certificates will remain outstanding for so long as the issuing entity will exist. In addition to the distribution of principal on the first Distribution Date, on each Distribution Date, the holders of the Class A-R Certificates, as provided in the Pooling and Servicing Agreement, will be entitled to receive any available funds remaining after payment of interest and principal on the Senior Certificates and on the Subordinate Certificates (as described above) and payments to the Class 1-AF Insurer and the Swap Counterparty (each as described above) and the Class CF and Class CV Certificates (as provided in the Pooling and Servicing Agreement). It is not anticipated that there will be any significant amounts remaining for distribution to the Class A-R Certificates.

Overcollateralization Provisions

On the Closing Date, it is expected that:

- the sum of the aggregate Stated Principal Balance of the Initial Mortgage Loans in Loan Group 1 and the original Pre-Funded Amount in respect of Loan Group 1 will exceed the initial aggregate Certificate Principal Balance of the Class 1-AF Certificates by approximately \$7,875,000, which is approximately 1.75% of the sum of the aggregate Stated Principal Balance of the Initial Mortgage Loans in Loan Group 1 and the original Pre-Funded Amount in respect of Loan Group 1; and
- the sum of the aggregate Stated Principal Balance of the Initial Mortgage Loans in Loan Group 2 and Loan Group 3 and the original Pre-Funded Amount in respect of Loan Group 2 and Loan Group 3 will exceed the initial aggregate Certificate Principal Balance of the Class AV Certificates and the Adjustable Rate Subordinate Certificates by approximately \$39,600,000, which is approximately 3.30% of the sum of the aggregate Stated Principal Balance of the Initial Mortgage Loans in Loan Group 2 and Loan Group 3 and the original Pre-Funded Amount in respect of Loan Group 2 and Loan Group 3.

In the case of Loan Group 1, the amount of overcollateralization is less than the initial level of overcollateralization required by the Pooling and Servicing Agreement. In the case of Loan Group 2 and Loan Group 3, the amount of overcollateralization is equal to the initial level of overcollateralization required by the Pooling and Servicing Agreement. The weighted average Adjusted Net Mortgage Rate for each group of Mortgage Loans is generally expected to be higher than the weighted average of the Pass-Through Rates on the related classes of Certificates. As a result, interest collections on the Mortgage Loans are expected to be generated in excess of the amount of interest payable to the holders of the related Certificates and the related fees and expenses payable by the issuing entity. Any interest payments received in respect of the Mortgage Loans in a Loan Group in excess of the amount that is needed to pay interest on the related Certificates and the issuing entity's expenses related to that Loan Group (including, in the case of Loan Group 1 and the Class 1-AF Certificates, the premiums due to the Class 1-AF Insurer, and in the case of Loan Group 2 and Loan Group 3, any Net Swap Payments that may be payable to the Swap Counterparty) will be used to reduce the total Certificate Principal Balance of the related Certificates, until the required level of overcollateralization has been achieved (in the case of Loan Group 1) or restored (in the case of Loan Group 2 and Loan Group 3). The excess cashflow, if any, will be applied on each Distribution Date as a payment of principal on the related class or classes of Certificates then entitled to receive distributions in respect of principal, but only to the limited extent hereafter described. Thereafter, except as described below with respect to any Distribution Date occurring on or after the Distribution Date in August 2026, any remaining excess cashflow

will be allocated to pay Net Rate Carryover and Unpaid Realized Loss Amounts in the amount and the priority described below.

Fixed Rate Excess Cashflow.

The “**Fixed Rate Excess Cashflow**” with respect to any Distribution Date is the sum of (i) the amounts remaining as set forth in clause (5) in “— *Distributions — Distributions of Interest — Distributions of Interest Funds for Loan Group 1*” for the Distribution Date and clause (1)(D) or (2)(D), as applicable, in “— *Distributions — Distributions of Principal Distribution Amount for Loan Group 1*” for the Distribution Date and (ii) the Fixed Rate Overcollateralization Reduction Amount for the Distribution Date, if any.

With respect to any Distribution Date, any Fixed Rate Excess Cashflow and, in the case of clauses 1 and 2 below, any amounts in the Credit Comeback Excess Account in respect of Loan Group 1 that are available for the Distribution Date (“**Fixed Rate Credit Comeback Excess Cashflow**”), will be paid to the classes of Certificates in the following order of priority, in each case first to the extent of the remaining Fixed Rate Credit Comeback Excess Cashflow, if applicable and second to the extent of the remaining Fixed Rate Excess Cashflow:

1. to the holders of the class or classes of Class 1-AF Certificates then entitled to receive distributions in respect of principal, in an amount equal to the Extra Principal Distribution Amount for Loan Group 1, payable to those holders as part of the Principal Distribution Amount as described under “—*Distributions—Distributions of Principal Distribution Amount for Loan Group 1*” above; provided, however, that Fixed Rate Credit Comeback Excess Cashflow (if any) will only be distributed pursuant to this clause, if the Fixed Rate Overcollateralization Target Amount has at any previous time been met;
2. concurrently, to the holders of the classes of Class 1-AF Certificates, pro rata based on the Unpaid Realized Loss Amounts for those classes, in an amount equal to the Unpaid Realized Loss Amount for each such class;
3. to each class of Class 1-AF Certificates (in the case of the Class 1-AF-1 Certificates after application of amounts allocated to the issuing entity in respect of the Corridor Contract to cover Net Rate Carryover), pro rata based on the Certificate Principal Balances thereof, to the extent needed to pay any unpaid Net Rate Carryover for each such class; and then any Fixed Rate Excess Cashflow remaining after the allocation to pay Net Rate Carryover based on the Certificate Principal Balances of those Certificates will be distributed to each class of Class 1-AF Certificates with respect to which there remains any unpaid Net Rate Carryover, pro rata, based on the amount of the unpaid Net Rate Carryover;
4. to the holders of the class or classes of Class AV Certificates and Adjustable Rate Subordinate Certificates then entitled to receive distributions in respect of principal, payable to those holders as part of the Principal Distribution Amount as described under “—*Distributions—Distributions of Principal Distribution Amount for Loan Group 2 and Loan Group 3*” above, in an amount equal to the Extra Principal Distribution Amount for Loan Group 2 and Loan Group 3 not covered by the Adjustable Rate Excess Cashflow, Adjustable Rate Credit Comeback Excess Cashflow and Net Swap Payments;
5. concurrently, to the holders of each class of Class AV Certificates, pro rata based on the Unpaid Realized Loss Amounts for those classes remaining undistributed after application of the Adjustable Rate Excess Cashflow and Net Swap Payments, in each case in an amount equal to the Unpaid Realized Loss Amount for the class remaining undistributed after application of the Adjustable Rate Excess Cashflow, Adjustable Rate Credit Comeback Excess Cashflow and Net Swap Payments;
6. sequentially, to the holders of the Class MV-1, Class MV-2, Class MV-3, Class MV-4, Class MV-5, Class MV-6, Class MV-7, Class MV-8 and Class BV Certificates, in that order, in

each case in an amount equal to the Unpaid Realized Loss Amount for that class remaining undistributed after application of the Adjustable Rate Excess Cashflow, Adjustable Rate Credit Comeback Excess Cashflow and Net Swap Payments;

7. to the Carryover Reserve Fund, in an amount equal to the Required Carryover Reserve Fund Deposit (after giving effect to other deposits and withdrawals therefrom on the Distribution Date); and
8. to fund distributions to the holders of the Class CF and Class A-R Certificates, in each case in the amounts specified in the Pooling and Servicing Agreement.

Following the distributions pursuant to clauses 1 through 3 of the preceding paragraph but prior to the distributions pursuant to clauses 4 through 8 of the preceding paragraph, the Trustee will make certain distributions from the Swap Account, as described in further detail below under “— *The Swap Contract*”.

Adjustable Rate Excess Cashflow.

The “**Adjustable Rate Excess Cashflow**” with respect to any Distribution Date is the sum of (i) the amounts remaining as set forth in clause (5)(b) in “—*Distributions — Distributions of Interest — Distributions of Interest Funds for Loan Group 2 and Loan Group 3*” and clause (1)(B)(ii) or (2)(B)(ii), as applicable, in “—*Distributions — Distributions of Principal Distribution Amount for Loan Group 2 and Loan Group 3*” and (ii) the Adjustable Rate Overcollateralization Reduction Amount for that Distribution Date, if any.

With respect to any Distribution Date, any Adjustable Rate Excess Cashflow and, in the case of clauses 1 and 2 below and in the case of the payment of Unpaid Realized Loss Amounts pursuant to clause 3 below, any amounts in the Credit Comeback Excess Account in respect of Loan Group 2 and Loan Group 3 that are available for the Distribution Date (“**Adjustable Rate Credit Comeback Excess Cashflow**”), will be paid to the classes of Certificates in the following order of priority, in each case first to the extent of the remaining Adjustable Rate Credit Comeback Excess Cashflow, if applicable and second to the extent of the remaining Adjustable Rate Excess Cashflow:

1. to the holders of the class or classes of Class AV Certificates and Adjustable Rate Subordinate Certificates then entitled to receive distributions in respect of principal, in an aggregate amount equal to the Extra Principal Distribution Amount for Loan Group 2 and Loan Group 3, payable to those holders as part of the related Principal Distribution Amount as described under “—*Distributions—Distributions of Principal Distribution Amount for Loan Group 2 and Loan Group 3*” above;
2. concurrently, to the holders of each class of Class AV Certificates, pro rata based on the Unpaid Realized Loss Amounts for those classes, in each case in an amount equal to the Unpaid Realized Loss Amount for the class;
3. sequentially, to the holders of the Class MV-1, Class MV-2, Class MV-3, Class MV-4, Class MV-5, Class MV-6, Class MV-7, Class MV-8 and Class BV Certificates, in that order, in each case, first in an amount equal to any Unpaid Realized Loss Amount for that class, and second, in an amount equal to the Interest Carry Forward Amount for that class;
4. to each class of Class AV Certificates and Adjustable Rate Subordinate Certificates, pro rata based on the Certificate Principal Balances thereof, to the extent needed to pay any Net Rate Carryover for each such class; provided that any Adjustable Rate Excess Cashflow remaining after the allocation to pay Net Rate Carryover based on the Certificate Principal Balances of those Certificates will be distributed to each class of Class AV Certificates and Adjustable Rate Subordinate Certificates with respect to which there remains any unpaid Net Rate Carryover (after the distribution based on Certificate Principal Balances), pro rata, based on the amount of the unpaid Net Rate Carryover;

5. if the Fixed Rate Overcollateralization Target Amount has at any previous time been met, to the holders of the class or classes of Class 1-AF Certificates then entitled to receive distributions in respect of principal, payable to those holders as part of the Principal Distribution Amount as described under “—*Distributions—Distributions of Principal Distribution Amount for Loan Group 1*” above, in an amount equal to the Extra Principal Distribution Amount for Loan Group 1 not covered by the Fixed Rate Excess Cashflow or Fixed Rate Credit Comeback Excess Cashflow;
6. concurrently, to the holders of each class of Class 1-AF Certificates, pro rata based on the Unpaid Realized Loss Amounts for those classes remaining undistributed after application of the Fixed Rate Excess Cashflow and Fixed Rate Credit Comeback Excess Cashflow, in each case in an amount equal to the Unpaid Realized Loss Amount for the class remaining undistributed after application of the Fixed Rate Excess Cashflow and Fixed Rate Credit Comeback Excess Cashflow;
7. to the Carryover Reserve Fund, in an amount equal to the Required Carryover Reserve Fund Deposit (after giving effect to other deposits and withdrawals therefrom on the Distribution Date);
8. to the Swap Account, in an amount equal to any Swap Termination Payment due to the Swap Counterparty as a result of a Swap Counterparty Trigger Event; and
9. to fund distributions to the holders of the Class CV and Class A-R Certificates, in each case in the amounts specified in the Pooling and Servicing Agreement.

Following the distributions pursuant to clauses 1 through 4 of the preceding paragraph but prior to the distributions pursuant to clauses 5 through 9 of the preceding paragraph, the Trustee will make certain distributions from the Swap Account, as described in further detail below under “— *The Swap Contract*”.

The Corridor Contract

Countrywide Home Loans has entered into an interest rate corridor transaction with JPMorgan Chase Bank, National Association (the “***Corridor Contract Counterparty***”), as evidenced by a confirmation between Countrywide Home Loans and the Corridor Contract Counterparty, the “***Corridor Contract***”) for the benefit of the Class 1-AF-1 Certificates.

Pursuant to the Corridor Contract, the terms of an ISDA Master Agreement were incorporated into the confirmation of the Corridor Contract, as if the ISDA Master Agreement had been executed by Countrywide Home Loans and the Corridor Contract Counterparty on the date the Corridor Contract was executed. The Corridor Contract is subject to certain ISDA definitions. On the Closing Date, pursuant to a “***Corridor Contract Assignment Agreement***,” Countrywide Home Loans will assign its rights under the Corridor Contract to The Bank of New York, as corridor contract administrator (in this capacity, the “***Corridor Contract Administrator***”), and Countrywide Home Loans, the Corridor Contract Administrator and the Trustee will enter into a corridor contract administration agreement (the “***Corridor Contract Administration Agreement***”) pursuant to which the Corridor Contract Administrator will allocate any payments received under the Corridor Contract between the Trustee and Countrywide Home Loans as described below.

On or prior to the Corridor Contract Termination Date, amounts (if any) received under the Corridor Contract by the Corridor Contract Administrator and allocated to the Trustee for the benefit of the issuing entity will be used to pay Net Rate Carryover on the Class 1-AF-1 Certificates as described above under “—*Distributions—Distributions of Funds from the Corridor Contract*.” Amounts allocated to the Trustee in respect of the Corridor Contract will not be available to pay Net Rate Carryover on any class of Certificates other than the Class 1-AF-1 Certificates. On any Distribution Date, after application of any amounts allocated to the Trustee in respect of the Corridor Contract to pay Net Rate Carryover, any remaining amounts will be distributed as described above under “—*Distributions—Distributions of Funds from the Corridor Contract*” and will not thereafter be available for

payments of Net Rate Carryover for any class of Certificates, unless the remaining amounts are allocated to the Trustee in connection with an early termination of the Corridor Contract in which case the amounts will be held by the Trustee until the Corridor Contract Termination Date for distribution as described above under “— *Distributions —Distributions of Funds from the Corridor Contract.*”

With respect to the Corridor Contract and any Distribution Date on or prior to the Corridor Contract Termination Date, the amount (if any) payable by the Corridor Contract Counterparty under the Corridor Contract will equal the product of:

- (i) the excess (if any) of (x) the lesser of (A) One-Month LIBOR (as determined by the Corridor Contract Counterparty) and (B) the Corridor Contract Ceiling Rate for the Distribution Date over (y) the Corridor Contract Strike Rate for that Distribution Date,
- (ii) the Corridor Contract Notional Balance for that Distribution Date, and
- (iii) the actual number of days in the related calculation period, divided by 360.

Pursuant to the Corridor Contract Administration Agreement, on or prior to each Distribution Date, the Corridor Contract Administrator will allocate any payment received from the Corridor Contract Counterparty with respect to the Corridor Contract and the Distribution Date (other than any termination payment, which will be allocated as described below):

- *first*, to the Trustee, up to the amount that would be payable under the Corridor Contract if clause (ii) of the preceding paragraph were equal to the lesser of the Corridor Contract Notional Balance for the Distribution Date and the Certificate Principal Balance of the Class 1-AF-1 Certificates immediately prior to the Distribution Date, referred to as a “**Net Corridor Contract Payment**,” and
- *second*, to Countrywide Home Loans, any remainder, referred to as an “**Excess Corridor Contract Payment**.”

Excess Corridor Contract Payments will not be available to cover Net Rate Carryover on the Certificates.

The “**Corridor Contract Notional Balance**,” the “**Corridor Contract Strike Rate**” and the “**Corridor Contract Ceiling Rate**” for the Corridor Contract for each Distribution Date are as described in the following table. In addition, the Distribution Date occurring in the latest calendar month listed in the following table is the date through which the Corridor Contract is scheduled to remain in effect and is referred to as the “**Corridor Contract Termination Date**” for the Corridor Contract.

Month of Distribution Date	Corridor Contract Notional Balance (\$)	Corridor Contract Strike Rate (%)	Corridor Contract Ceiling Rate (%)	Month of Distribution Date	Corridor Contract Notional Balance (\$)	Corridor Contract Strike Rate (%)	Corridor Contract Ceiling Rate (%)
August 2006	128,246,000	7.48527	9.00000	July 2007	69,060,861	6.97311	9.00000
September 2006	126,486,575	6.76094	9.00000	August 2007	61,553,515	6.68529	9.00000
October 2006	123,950,218	6.98636	9.00000	September 2007	54,184,543	6.68500	9.00000
November 2006	120,634,083	6.76105	9.00000	October 2007	46,954,529	6.90785	9.00000
December 2006	116,537,314	6.98648	9.00000	November 2007	39,860,885	6.68503	9.00000
January 2007	111,662,941	6.76117	9.00000	December 2007	32,901,060	6.90788	9.00000
February 2007	106,017,987	6.76122	9.00000	January 2008	26,072,552	6.68505	9.00000
March 2007	99,613,551	7.48571	9.00000	February 2008	19,372,901	6.68507	9.00000
April 2007	92,465,320	6.76134	9.00000	March 2008	12,799,697	7.14612	9.00000
May 2007	84,594,725	6.98679	9.00000	April 2008	6,350,573	6.68509	9.00000
June 2007	76,711,661	6.76128	9.00000	May 2008	23,206	6.90794	9.00000

The Corridor Contract will be subject to early termination only in limited circumstances. These circumstances generally include certain insolvency or bankruptcy events in relation to the Corridor Contract Counterparty or the Corridor Contract Administrator, the failure by the Corridor Contract Counterparty (within three business days after notice of the failure is received by the Corridor Contract Counterparty) to make a payment due

under the Corridor Contract, failure by the Corridor Contract Counterparty (within 30 days after notice of such failure is received) to perform any other agreement made by it under the Corridor Contract and the Corridor Contract becoming illegal or subject to certain kinds of taxation.

It will also be an additional termination event under the Corridor Contract if the Corridor Contract Counterparty has failed to deliver any information, report or accountants' consent when and as required under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") and Item 1115(b)(1) or (b)(2) of the Asset Backed Securities Regulation, 17 C.F.R. §§229.1100-229.1123 ("**Regulation AB**") with respect to certain reporting obligations of the Depositor with respect to the issuing entity, which continues unremedied for the time period provided in the Corridor Contract, and the Corridor Contract Counterparty fails to transfer the Corridor Contract, at its sole cost and expense, in whole, but not in part, to a counterparty that, (i) has agreed to deliver any information, report, certification or accountants' consent when and as required under the Exchange Act and Regulation AB with respect to certain reporting obligations of the Depositor and the issuing entity, (ii) satisfies any rating requirement set forth in the Corridor Contract, and (iii) is approved by the Depositor (which approval shall not be unreasonably withheld) and each rating agency.

If the Corridor Contract is terminated, the Corridor Contract Counterparty may owe a termination payment, payable in a lump sum. Any termination payment will be allocated by the Corridor Contract Administrator between the Trustee and Countrywide Home Loans, based on, with respect to the Trustee, a fraction, the numerator of which is the lesser of (x) the Corridor Contract Notional Balance at the time of termination and (y) the Certificate Principal Balance of the Class 1-AF-1 Certificates at the time of termination, and the denominator of which is the Corridor Contract Notional Balance at the time of termination, and with respect to Countrywide Home Loans, a fraction, the numerator of which is the excess, if any, of (x) the Corridor Contract Notional Balance at the time of termination over (y) the Certificate Principal Balance of the Class 1-AF-1 Certificates at the time of termination, and the denominator of which is the Corridor Contract Notional Balance at the time of termination. The portion of any termination payment that is allocated to the issuing entity will be held by the Trustee until the applicable Corridor Contract Termination Date to pay any Net Rate Carryover on the Class 1-AF-1 Certificates. However, if a termination occurs, we cannot assure you that a termination payment will be owing to the Trustee. The Pooling and Servicing Agreement does not provide for the substitution of a replacement corridor contract in the event of a termination of an existing Corridor Contract or in any other circumstance.

The significance percentage for the Corridor Contract is less than 10%. The "**significance percentage**" for the Corridor Contract is the percentage that the significance estimate of the Corridor Contract represents of the Certificate Principal Balance of the Class 1-AF-1 Certificates. The "**significance estimate**" of the Corridor Contract is determined based on a reasonable good-faith estimate of the maximum probable exposure of the Corridor Contract, made in substantially the same manner as that used in Countrywide Home Loans' internal risk management process in respect of similar instruments.

The Corridor Contract Counterparty is a national banking association and a wholly-owned bank subsidiary of JPMorgan Chase & Co., a Delaware corporation whose principal office is located in New York, New York. The Corridor Contract Counterparty is a commercial bank offering a wide range of banking services to its customers, both domestically and internationally. It is chartered and its business is subject to examination and regulation by the Office of the Comptroller of the Currency. The Corridor Contract Counterparty has long term, unsecured ratings, as of the date of this prospectus supplement, of "AA-" from Standard & Poor's, "A+" from Fitch Ratings and "Aa2" from Moody's Investors Service, Inc.

The Certificates do not represent an obligation of the Corridor Contract Counterparty or the Corridor Contract Administrator. The holders of the Certificates are not parties to or beneficiaries under any Corridor Contract or the Corridor Contract Administration Agreement and will not have any right to proceed directly against the Corridor Contract Counterparty in respect of its obligations under any Corridor Contract or against the Corridor Contract Administrator in respect of its obligations under the Corridor Contract Administration Agreement.

The Corridor Contract, the Corridor Contract Assignment Agreement and the Corridor Contract Administration Agreement will each be filed with the SEC as an exhibit to a Current Report on Form 8-K after the Closing Date.

The Swap Contract

Countrywide Home Loans has entered into an interest rate swap transaction with Lehman Brothers Special Financing Inc. (the “**Swap Counterparty**”), as evidenced by a confirmation between Countrywide Home Loans and the Swap Counterparty (the “**Swap Contract**”). The obligations of the Swap Counterparty will be fully and unconditionally guaranteed by Lehman Brothers Holdings Inc. (the “**Swap Guarantor**”) pursuant to a guaranty in favor of Countrywide Home Loans (the “**Swap Guaranty**”). In addition, on the Closing Date, Countrywide Home Loans and the Swap Counterparty will execute an ISDA Master Agreement. The Swap Contract is subject to certain ISDA definitions. On the Closing Date, Countrywide Home Loans will assign its rights under the Swap Contract and the Swap Guaranty to The Bank of New York, as swap contract administrator (in such capacity, the “**Swap Contract Administrator**”), and Countrywide Home Loans, the Swap Contract Administrator and the Trustee (acting as trustee of the swap trust) will enter into a swap contract administration agreement (the “**Swap Contract Administration Agreement**”) pursuant to which the Swap Contract Administrator will allocate any payments received under the Swap Contract between the Trustee (acting as trustee of the swap trust) and Countrywide Home Loans as described below and pursuant to which the Swap Contract Administrator will remit to the Swap Counterparty any funds received from the Trustee (acting as trustee of the swap trust) for payment to the Swap Counterparty.

With respect to any Distribution Date on or prior to the Swap Contract Termination Date, the amount payable by the Swap Contract Administrator to the Swap Counterparty under the Swap Contract will equal the product of:

- (i) a fixed rate of 5.650% per annum,
- (ii) the lesser of (a) the Swap Contract Notional Balance for the Distribution Date and (b) the aggregate Certificate Principal Balance of the Swap Certificates immediately prior to such Distribution Date, and
- (iii) the number of days in the related calculation period (calculated on the basis of a 360-day year of twelve 30-day months), divided by 360.

With respect to any Distribution Date on or prior to the Swap Contract Termination Date, the amount payable by the Swap Counterparty to the Swap Contract Administrator under the Swap Contract will equal the product of:

- (i) One-Month LIBOR (as determined by the Swap Counterparty),
- (ii) the lesser of (a) the Swap Contract Notional Balance for the Distribution Date and (b) the aggregate Certificate Principal Balance of the Swap Certificates immediately prior to such Distribution Date, and
- (iii) the actual number of days in the related calculation period, divided by 360.

With respect to any Distribution Date, the Swap Contract Administrator or the Swap Counterparty, as the case may be, will only be required to make a “**Net Swap Payment**” to the other party that is equal to the excess of the payment that it is obligated to make to the other party as described in the two preceding paragraphs over the payment that it is entitled to receive from that other party as described in the two preceding paragraphs. Any Net Swap Payment owed by the Swap Counterparty with respect to any Distribution Date will be payable on the business day preceding such Distribution Date, while any Net Swap Payment owed to the Swap Counterparty with respect to any Distribution Date will be payable on such Distribution Date.

In the event that a Net Swap Payment and/or a Swap Termination Payment (other than a Swap Termination Payment due to a Swap Counterparty Trigger Event) is payable to the Swap Counterparty with respect to any Distribution Date, the Trustee will deduct from Interest Funds for Loan Group 2 and Loan Group 3 the amount of such Net Swap Payment or Swap Termination Payment as described under clause (2) under “— *Distributions — Distributions of Interest Funds for Loan Group 2 and Loan Group 3*” above (and to the extent that Interest Funds for Loan Group 2 and Loan Group 3 are insufficient, the Trustee will deduct from the Principal Remittance Amount for

Loan Group 2 and Loan Group 3, pro rata on the basis of the respective Principal Remittance Amounts, any additional amounts necessary to make such Net Swap Payment and/or Swap Termination Payment due to the Swap Counterparty) and deposit the amount of such Net Swap Payment or Swap Termination Payment in the Swap Account maintained on behalf of the swap trust.

In the event that a Swap Termination Payment due to a Swap Counterparty Trigger Event is payable to the Swap Counterparty with respect to any Distribution Date, the Trustee will deduct from Adjustable Rate Excess Cashflow the amount of such Swap Termination Payment as described under clause (9) under “— *Overcollateralization Provisions — Adjustable Rate Excess Cashflow*” above and remit such amount to the Swap Account maintained on behalf of the swap trust.

In the event that a Net Swap Payment is payable from the Swap Counterparty with respect to any Distribution Date, the Swap Contract Administrator will remit to the Trustee on behalf of the swap trust and for deposit into the Swap Account an amount equal to the sum of (a) any Current Interest and Interest Carry Forward Amounts with respect to the Swap Certificates, (b) any Net Rate Carryover with respect to the Swap Certificates and (c) any Unpaid Realized Loss Amounts with respect to the Swap Certificates, in each case that remain unpaid following distribution of the Interest Funds for Loan Group 2 and Loan Group 3 and the Adjustable Rate Excess Cashflow for the Distribution Date, as well as (d) any remaining Adjustable Rate Overcollateralization Deficiency Amount that remains following distribution of the Interest Funds for Loan Group 2 and Loan Group 3 and the Adjustable Rate Excess Cashflow for the Distribution Date. Any portion of any Net Swap Payment not remitted by the Swap Contract Administrator to the Trustee (acting as trustee of the swap trust) with respect to any Distribution Date will be remitted to Countrywide Home Loans and will not be available to make distributions in respect of any class of Certificates.

In the event that the Swap Contract is terminated, Countrywide Home Loans will be required to assist the Swap Contract Administrator in procuring a replacement swap contract with terms approximating those of the original Swap Contract. In the event that a Swap Termination Payment was payable by the Swap Counterparty in connection with the termination of the original Swap Contract, that Swap Termination Payment will be used to pay any upfront amount in connection with the replacement swap contract, and any remaining portion of that Swap Termination Payment will be distributed to Countrywide Home Loans and will not be available for distribution on any class of Certificates. In the event that the swap counterparty in respect of a replacement swap contract pays any upfront amount to the Swap Contract Administrator in connection with entering into the replacement swap contract, if that upfront amount is received prior to the Distribution Date on which the Swap Termination Payment is due to the Swap Counterparty under the original Swap Contract, a portion of that upfront amount equal to the lesser of (x) that upfront amount and (y) the amount of the Swap Termination Payment due to the Swap Counterparty under the original Swap Contract (the “***Adjusted Replacement Upfront Amount***”) will be included in the Interest Funds for Loan Group 2 and Loan Group 3 on that Distribution Date, to be allocated between Loan Group 2 and Loan Group 3 pro rata based on their respective Interest Funds for that Distribution Date, and any upfront amount paid by the replacement swap counterparty in excess of the Adjusted Replacement Upfront Amount will be distributed to Countrywide Home Loans, Inc. If that upfront amount is received after the Distribution Date on which the Swap Termination Payment was due to the Swap Counterparty under the original Swap Contract, or in the event that the Swap Contract is terminated and no replacement swap contract can be procured on terms approximating those of the original Swap Contract and a Swap Termination Payment was payable by the Swap Counterparty, that upfront amount or Swap Termination Payment payable by the Swap Counterparty, as the case may be, will be retained by the Swap Contract Administrator and remitted to the Trustee on behalf of the swap trust on subsequent Distribution Dates up to and including the Swap Contract Termination Date to cover the amounts described in clauses (a), (b), (c) and (d) of the preceding paragraph. Following the Swap Contract Termination Date, any remainder of an upfront amount paid by a replacement swap counterparty, or of a Swap Termination Payment paid by a Swap Counterparty, will be distributed to Countrywide Home Loans and will not be available to make distributions in respect of any class of Certificates.

Following the distributions of Adjustable Rate Excess Cashflow and Adjustable Rate Credit Comeback Excess Cashflow pursuant to clauses 1 through 4 under “— *Overcollateralization Provisions — Adjustable Rate Excess Cashflow*” and following the distributions of Fixed Rate Excess Cashflow and Fixed Rate Credit Comeback Excess Cashflow pursuant to clauses 1 through 4 under “— *Overcollateralization Provisions — Fixed Rate Excess*

Cashflow”, the Trustee, acting on behalf of the swap trust, shall distribute all amounts on deposit in the Swap Account in the following amounts and order of priority:

- (1) to the Swap Contract Administrator for payment to the Swap Counterparty, any Net Swap Payment payable to the Swap Counterparty with respect to such Distribution Date;
- (2) to the Swap Contract Administrator for payment to the Swap Counterparty, any Swap Termination Payment (other than a Swap Termination Payment due to a Swap Counterparty Trigger Event) payable to the Swap Counterparty with respect to such Distribution Date;
- (3) concurrently to the holders of each class of Class AV Certificates, any remaining Current Interest and Interest Carry Forward Amount, pro rata based on their respective entitlements;
- (4) sequentially, to the holders of the Class MV-1, Class MV-2, Class MV-3, Class MV-4, Class MV-5, Class MV-6, Class MV-7, Class MV-8 and Class BV Certificates, in that order, in each case in an amount equal to any remaining Current Interest and Interest Carry Forward Amount for the class;
- (5) to the holders of the class or classes of Class AV Certificates and Adjustable Rate Subordinate Certificates then entitled to receive distributions in respect of principal, in an aggregate amount equal to the Adjustable Rate Overcollateralization Deficiency Amount remaining unpaid following the distribution of Adjustable Rate Excess Cashflow as described above under “— *Overcollateralization Provisions*” payable to such holders of each such class in the same manner in which the Extra Principal Distribution Amount in respect of Loan Group 2 and Loan Group 3 would be distributed to such classes as described under “— *Overcollateralization Provisions — Adjustable Rate Excess Cashflow*” above;
- (6) to the holders of each class of Class AV Certificates and Adjustable Rate Subordinate Certificates, to the extent needed to pay any remaining Net Rate Carryover for each such class, pro rata, based on the amount of such remaining Net Rate Carryover;
- (7) concurrently, to the holders of each class of Class AV Certificates, pro rata based on the remaining Unpaid Realized Loss Amounts for those classes, in each case in an amount equal to the remaining Unpaid Realized Loss Amount for the class; and
- (8) sequentially, to the holders of the Class MV-1, Class MV-2, Class MV-3, Class MV-4, Class MV-5, Class MV-6, Class MV-7, Class MV-8 and Class BV Certificates, in that order, in each case in an amount equal to the remaining Unpaid Realized Loss Amount for the class.

Following the distributions of Adjustable Rate Excess Cashflow and Adjustable Rate Credit Comeback Excess Cashflow pursuant to clauses 5 through 9 under “— *Overcollateralization Provisions — Adjustable Rate Excess Cashflow*” and following the distributions of Fixed Rate Excess Cashflow and Fixed Rate Credit Comeback Excess Cashflow pursuant to clauses 4 through 8 under “— *Overcollateralization Provisions — Fixed Rate Excess Cashflow*”, the Trustee, acting on behalf of the swap trust, shall distribute any remaining amount on deposit in the Swap Account to the Swap Contract Administrator for payment to the Swap Counterparty, only to the extent necessary to cover any Swap Termination Payment due to a Swap Counterparty Trigger Event payable to the Swap Counterparty with respect to such Distribution Date.

The “***Swap Contract Notional Balance***” for each Distribution Date is as described in the following table. In addition, the Distribution Date occurring in the latest calendar month listed in the following table is the date through which the Swap Contract is scheduled to remain in effect and is referred to as the “***Swap Contract Termination Date***” for the Swap Contract.

Month of Distribution Date	Swap Contract Notional Balance (\$)	Month of Distribution Date	Swap Contract Notional Balance (\$)	Month of Distribution Date	Swap Contract Notional Balance (\$)
August 2006	960,000,000	April 2008	649,277,356	December 2009	300,657,972
September 2006 ...	953,193,765	May 2008	628,970,791	January 2010	290,602,110
October 2006	945,224,392	June 2008	609,362,194	February 2010	280,890,398
November 2006 ...	936,099,516	July 2008	590,429,440	March 2010	271,704,462
December 2006	925,831,095	August 2008	572,151,130	April 2010	262,819,986
January 2007	914,435,458	September 2008 ...	543,025,175	May 2010	254,227,032
February 2007	902,217,376	October 2008	515,662,979	June 2010	245,915,992
March 2007	889,833,958	November 2008	489,959,477	July 2010	237,877,573
April 2007	876,358,698	December 2008	465,816,115	August 2010	151,138,450
May 2007	861,824,484	January 2009	443,138,331	September 2010 ...	148,207,439
June 2007	846,268,558	February 2009	420,889,635	October 2010	145,332,230
July 2007	829,732,392	March 2009	407,085,222	November 2010 ...	142,511,775
August 2007	812,261,552	April 2009	393,735,127	December 2010	139,745,041
September 2007 ...	794,006,382	May 2009	380,824,332	January 2011	137,031,018
October 2007	774,961,985	June 2009	368,338,320	February 2011	134,368,712
November 2007 ...	755,185,323	July 2009	356,263,054	March 2011	131,757,151
December 2007	734,736,446	August 2009	344,584,966	April 2011	129,195,378
January 2008	713,678,202	September 2009 ...	333,020,180	May 2011	126,682,456
February 2008	692,075,939	October 2009	321,853,523	June 2011	124,217,010
March 2008	670,304,767	November 2009	311,070,702	July 2011	121,795,820

A “**Swap Termination Payment**” is a termination payment required to be made by either the Swap Contract Administrator or the Swap Counterparty pursuant to the Swap Contract as a result of an early termination of the Swap Contract.

The Swap Contract will be subject to early termination upon an event of default or an early termination event under the Swap Contract. Events of default under the Swap Contract include, among other things, the following:

- failure to make a payment due under the Swap Contract, three business days after notice of such failure is received,
- certain insolvency or bankruptcy events, and
- a merger by the Swap Counterparty without an assumption of its obligations under the Swap Contract.

Early termination events under the Swap Contract include, among other things:

- illegality (which generally relates to changes in law causing it to become unlawful for either party (or its guarantor, if applicable) to perform its obligations under the Swap Contract or guaranty, as applicable),
- a tax event (which generally relates to either party to the Swap Contract receiving a payment under the Swap Contract from which an amount has been deducted or withheld for or on account of taxes or paying an additional amount on account of an indemnifiable tax),
- a tax event upon merger (which generally relates to either party receiving a payment under the Swap Contract from which an amount has been deducted or withheld for or on account of taxes or paying an additional amount on account of an indemnifiable tax, in each case, resulting from a merger), and

- an amendment to the Pooling and Servicing Agreement that would materially adversely affect the Swap Counterparty is made without the prior written consent of the Swap Counterparty.

In addition to the termination events specified above, it will be a termination event under the Swap Contract in the event that (A) either (i) the unsecured, long-term senior debt obligations of the Swap Guarantor are rated below “A1” by Moody’s or are rated “A1” by Moody’s and such rating is on watch for possible downgrade (but only for so long as it is on watch for possible downgrade) or (ii) the unsecured, short-term debt obligations of the Swap Guarantor are rated below “P-1” by Moody’s or are rated “P-1” by Moody’s and such rating is on watch for possible downgrade (but only for so long as it is on watch for possible downgrade), (B) no short-term rating is available from Moody’s and the unsecured, long-term senior debt obligations of the Swap Guarantor are rated below “Aa3” by Moody’s or are rated “Aa3” by Moody’s and such rating is on watch for possible downgrade (but only for so long as it is on watch for possible downgrade), or (C) either (i) the unsecured, short-term debt obligations of the Swap Guarantor are rated below “A-1” by S&P or (ii) if the Swap Guarantor does not have a short-term rating from S&P, the unsecured, long-term senior debt obligations of the Swap Guarantor are rated below “A+” by S&P (such event, “**Collateralization Event**”), and the Swap Counterparty does not, within 30 days, (a) cause another entity to replace the Swap Counterparty that satisfies the Swap Counterparty Ratings Requirement and that is approved by the Swap Contract Administrator on terms substantially similar to the Swap Contract; (b) obtain a guaranty of, or a contingent agreement of another person that satisfies the Swap Counterparty Ratings Requirement, to honor the Swap Counterparty’s obligations under the Swap Contract, provided that such other person is approved by the Swap Contract Administrator; (c) post collateral satisfactory to the applicable Rating Agencies; or (d) establish any other arrangement satisfactory to the applicable Rating Agency which will be sufficient to restore the immediately prior ratings of the Swap Certificates.

“**Swap Counterparty Ratings Requirement**” means (a) either (i) the unsecured, short-term debt obligations of the substitute counterparty (or its credit support provider) are rated at least “A-1” by S&P or (ii) if the substitute counterparty does not have a short-term rating from S&P, the unsecured, long-term senior debt obligations of the substitute counterparty (or its credit support provider) are rated at least “A+” by S&P, and (b) either (i) the unsecured, long-term senior debt obligations of such substitute counterparty (or its credit support provider) are rated at least “A1” by Moody’s (and if rated “A1” by Moody’s, such rating is not on watch for possible downgrade) and the unsecured, short-term debt obligations of such substitute counterparty (or its credit support provider) are rated at least “P-1” by Moody’s (and if rated “P-1” by Moody’s, such rating is not on watch for possible downgrade and remaining on watch for possible downgrade), or (ii) if such substitute counterparty (or its credit support provider) does not have a short-term debt rating from Moody’s, the unsecured, long-term senior debt obligations of such substitute counterparty (or its credit support provider) are rated at least “Aa3” by Moody’s (and if rated “Aa3” by Moody’s, such rating is not on watch for possible downgrade).

It will also be a termination event under the Swap Contract in the event that the Swap Guarantor fails to satisfy the following ratings criteria: (A) the unsecured, long-term senior debt obligations of the Swap Guarantor are rated at least “BBB-” by S&P, and (B) either (i) the unsecured, long-term senior debt obligations of the Swap Guarantor are rated at least “A2” by Moody’s (including if such rating is on watch for possible downgrade) and the unsecured, short-term debt obligations of the Swap Guarantor are rated at least “P-1” by Moody’s (including if such rating is on watch for possible downgrade) or (ii) if the Swap Guarantor does not have a short-term rating from Moody’s, the unsecured, long-term senior debt obligations of the Swap Guarantor are rated at least “A1” by Moody’s (including if such rating is on watch for possible downgrade); and the Swap Counterparty does not, within 10 days, after the occurrence of such a downgrade or withdrawal by S&P or Moody’s, as applicable, take the action described in either clause (a) or (b) above.

The rating levels and obligations following a ratings downgrade referred to in this section are determined by the Rating Agencies and may be changed by the Rating Agencies prior to the execution of the Swap Contract. As such, this summary is subject to, and qualified in its entirety by reference to, the provisions of the Swap Contract.

Finally, an additional termination event under the Swap Contract will exist if the Swap Counterparty has failed to deliver any information, report, certification or accountants’ consent when and as required under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) and Item 1115(b)(1) or (b)(2) of Regulation AB with respect to certain reporting obligations of the Depositor with respect to the issuing entity, which continues unremedied for the time period provided in the Swap Contract, and the Swap Counterparty fails to transfer the Swap

Contract at its sole cost and expense, in whole, but not in part, to a counterparty that, (i) has agreed to deliver any information, report, certification or accountants' consent when and as required under the Exchange Act and Regulation AB with respect to certain reporting obligations of the Depositor and the issuing entity, (ii) satisfies any rating requirement set forth in the Swap Contract, and (iii) is approved by the Depositor (which approval shall not be unreasonably withheld) and any rating agency.

“Swap Counterparty Trigger Event” means an event of default under the Swap Contract with respect to which the Swap Counterparty is the sole defaulting party or a termination event under the Swap Contract (other than illegality, a tax event or a tax event upon merger of the Swap Counterparty) with respect to which the Swap Counterparty is the sole affected party or with respect to a termination resulting from a ratings downgrade of the Swap Counterparty (as described above).

The Swap Counterparty is a Delaware corporation. The Swap Counterparty is Lehman Brothers' principal dealer in a broad range of over-the-counter derivative products including interest rate, currency, credit and mortgage derivatives. The long-term, unsecured, unsubordinated debt obligations of the Swap Guarantor are rated “A1” and “A+” by Moody's and S&P, respectively.

The significance percentage for the Swap Contract is less than 10%. The **“significance percentage”** for the Swap Contract is the percentage that the significance estimate of the Swap Contract represents of the aggregate Certificate Principal Balance of the Swap Certificates. The **“significance estimate”** of the Swap Contract is determined based on a reasonable good-faith estimate of the maximum probable exposure of the Swap Contract, made in substantially the same manner as that used in Countrywide Home Loans' internal risk management process in respect of similar instruments.

The Certificates do not represent an obligation of the Swap Counterparty, the Swap Guarantor or the Swap Contract Administrator. The holders of the Certificates are not parties to or beneficiaries under the Swap Contract, the Swap Guaranty or the Swap Contract Administration Agreement and will not have any right to proceed directly against the Swap Counterparty or the Swap Guarantor in respect of their obligations under the Swap Contract, or against the Swap Contract Administrator in respect of its obligations under the Swap Contract Administration Agreement.

The Swap Counterparty and the Swap Guarantor are each affiliates of Lehman Brothers Inc., one of the Underwriters.

The Swap Contract, the Swap Guaranty, the Swap Contract Assignment Agreement and the Swap Contract Administration Agreement will each be filed with the SEC as an exhibit to a Current Report on Form 8-K after the Closing Date.

Calculation of One-Month LIBOR

On the second LIBOR Business Day preceding the commencement of each Accrual Period for the Adjustable Rate Certificates (each such date, an **“Interest Determination Date”**), the Trustee will determine the London interbank offered rate for one-month United States dollar deposits (**“One-Month LIBOR”**) for the Accrual Period on the basis of such rate as it is quoted on the Bloomberg Terminal for that Interest Determination Date. If such rate is not quoted on the Bloomberg terminal (or if such service is no longer offered, such other service for displaying LIBOR or comparable rates as may be reasonably selected by the Trustee), One-Month LIBOR for the applicable Accrual Period will be the Reference Bank Rate as defined in this prospectus supplement. If no such quotations can be obtained and no Reference Bank Rate is available, One-Month LIBOR will be the One-Month LIBOR applicable to the preceding Accrual Period. The **“Reference Bank Rate”** with respect to any Accrual Period, means the arithmetic mean (rounded upwards, if necessary, to the nearest whole multiple of 0.03125%) of the offered rates for United States dollar deposits for one month that are quoted by the Reference Banks as of 11:00 a.m., New York City time, on the related Interest Determination Date to prime banks in the London interbank market for a period of one month in amounts approximately equal to the aggregate Certificate Principal Balance of all Adjustable Rate Certificates for the Accrual Period, provided that at least two such Reference Banks provide such rate. If fewer than two offered rates appear, the Reference Bank Rate will be the arithmetic mean (rounded upwards, if necessary, to the nearest whole multiple of 0.03125%) of the rates quoted by one or more major banks in

New York City, selected by the Trustee, as of 11:00 a.m., New York City time, on such date for loans in U.S. dollars to leading European banks for a period of one month in amounts approximately equal to the aggregate Certificate Principal Balance of all Adjustable Rate Certificates for the Accrual Period. As used in this section, “**LIBOR Business Day**” means a day on which banks are open for dealing in foreign currency and exchange in London and New York City; and “**Reference Banks**” means leading banks selected by the Trustee and engaged in transactions in Eurodollar deposits in the international Eurocurrency market:

- (1) with an established place of business in London,
- (2) which have been designated as such by the Trustee and
- (3) which are not controlling, controlled by, or under common control with, the Depositor, Countrywide Servicing or any successor Master Servicer.

The establishment of One-Month LIBOR on each Interest Determination Date by the Trustee and the Trustee’s calculation of the rate of interest applicable to the Adjustable Rate Certificates for the related Accrual Period will (in the absence of manifest error) be final and binding.

Carryover Reserve Fund

The Pooling and Servicing Agreement will require the Trustee to establish an account (the “**Carryover Reserve Fund**”), which is held in trust by the Trustee on behalf of the holders of the interest-bearing certificates. On the Closing Date, Countrywide Home Loans will deposit \$1,000 in the Carryover Reserve Fund. The Carryover Reserve Fund will not be an asset of any REMIC.

On each Distribution Date, the Trustee will deposit in the Carryover Reserve Fund amounts allocated to the issuing entity in respect of the Corridor Contract. On each Distribution Date, the amounts allocated to the issuing entity in respect of the Corridor Contract will be distributed to the Class 1-AF-1 Certificates to pay any Net Rate Carryover on the Class 1-AF-1 Certificates as described under “— *Distributions — Distributions of Funds from the Corridor Contract*” above.

On each Distribution Date, to the extent that Fixed Rate Excess Cashflow is available as described under “— *Overcollateralization Provisions — Fixed Rate Excess Cashflow*” above or Adjustable Rate Excess Cashflow is available as described under “— *Overcollateralization Provisions — Adjustable Rate Excess Cashflow*” above, the Trustee will deposit in the Carryover Reserve Fund the amount needed to pay any Net Rate Carryover as described under “— *Overcollateralization Provisions*” above.

On each Distribution Date, to the extent that Fixed Rate Excess Cashflow is available as described under “— *Overcollateralization Provisions — Fixed Rate Excess Cashflow*” above or Adjustable Rate Excess Cashflow is available as described under “— *Overcollateralization Provisions — Adjustable Rate Excess Cashflow*” above, the Trustee will deposit in the Carryover Reserve Fund an amount equal to the excess, if any, of (i) \$1,000 over (ii) the amount of funds on deposit in the Carryover Reserve Fund following all other deposits to, and withdrawals from, the Carryover Reserve Fund on the Distribution Date (the “**Required Carryover Reserve Fund Deposit**”).

Class 1-AF Certificate Guaranty Insurance Policy

On the Closing Date, Ambac Assurance Corporation (the “**Class 1-AF Insurer**”) will issue the Class 1-AF Policy in favor of the Trustee on behalf of the Class 1-AF certificateholders. The following summary of the provisions of the Class 1-AF Policy does not purport to be complete and is qualified in its entirety by reference to the Class 1-AF Policy.

The Class 1-AF Insurer will issue a certificate guaranty insurance policy (the “**Class 1-AF Policy**”) for the benefit of the holders of the Class 1-AF Certificates. The Class 1-AF Insurer, in consideration of the payment of a premium and subject to the terms of the Class 1-AF Policy, unconditionally and irrevocably guarantees the payment of Insured Amounts to the Trustee on behalf of the holders of the Class 1-AF Certificates and payments of

Preference Amounts as described below. The Class 1-AF Insurer will pay Insured Amounts which are Due for Payment to the Trustee on the later of (1) the Distribution Date the Insured Amount is distributable to the holders of the applicable class(es) of Class 1-AF Certificates under the Pooling and Servicing Agreement, and (2) the second Business Day following the Business Day the Class 1-AF Insurer shall have received telephonic or telegraphic notice, subsequently confirmed in writing, the original of which is sent by registered or certified mail, from the Trustee, specifying that an Insured Amount is due in accordance with the terms of the Class 1-AF Policy; provided that, if such notice is received after 12:00 noon, New York City time, on such Business Day, it shall be deemed to be received on the following Business Day. If any such notice is not in proper form or is otherwise insufficient for the purpose of making a claim under the Class 1-AF Policy, it shall be deemed not to have been received for purposes of this paragraph, and the Class 1-AF Insurer shall promptly so advise the Trustee and the Trustee may submit an amended or corrected notice.

The Class 1-AF Insurer's obligation under the Class 1-AF Policy will be discharged to the extent that funds are received by the Trustee for payment to the holders of the applicable class(es) of Class 1-AF Certificates whether or not those funds are properly paid by the Trustee. Payments of Insured Amounts will be made only at the time set forth in the Class 1-AF Policy, and no accelerated payments of Insured Amounts will be made regardless of any acceleration of the Class 1-AF Certificates, unless the acceleration is at the sole option of the Class 1-AF Insurer.

For purposes of the Class 1-AF Policy, a holder does not and may not include any of the Trustee, the Sellers, the Depositor or the Master Servicer.

The Class 1-AF Policy will not cover shortfalls, if any, attributable, to Prepayment Interest Shortfalls, any interest shortfalls resulting from the application of the Relief Act or similar state or local laws, or any Net Rate Carryover, nor does the Class 1-AF Policy guarantee to the holders of the Class 1-AF Certificates any particular rate of principal payment. In addition, the Class 1-AF Policy does not cover shortfalls, if any, attributable to the liability of the Trust Fund, any REMIC, the Trustee or any holder of a Class 1-AF Certificate for withholding taxes, if any (including interest and penalties in respect of any liability for withholding taxes) nor any risk other than Nonpayment, including the failure of the Trustee to make any payment required under the Pooling and Servicing Agreement to the holders of the Class 1-AF Certificates. The Class 1-AF Policy will not provide credit enhancement for any class of Certificates other than the Class 1-AF Certificates.

No person other than the Trustee shall be entitled to present the notice under the Class 1-AF Policy.

In the absence of payments under the Class 1-AF Policy, holders of the Class 1-AF Certificates will directly bear the credit risks associated with their Certificates.

The Class 1-AF Insurer will be subrogated to the rights of each holder of any class of Class 1-AF Certificates to the extent of any payment by the Class 1-AF Insurer under the Class 1-AF Policy with respect to that class.

The Class 1-AF Insurer agrees that if it shall be subrogated to the rights of the holders of any class of Class 1-AF Certificates, no recovery of such payment will occur unless the full amount of such holders' allocable distributions for such Distribution Date can be made. In so doing, the Class 1-AF Insurer does not waive its rights to seek full payment of all Reimbursement Amounts owed to it under the Pooling and Servicing Agreement.

The Class 1-AF Policy and the obligations of the Class 1-AF Insurer thereunder will terminate without any action on the part of the Class 1-AF Insurer or any other person on the date following the later to occur of (i) the date that is one year and one day following the date on which all amounts required to be paid on the Class 1-AF Certificates have been paid in full and (ii) if any proceeding referenced in the immediately following paragraph has been commenced on or prior to the date specified in clause (i) of this paragraph, the 30th day after the entry of a final, non-appealable order in resolution or settlement of such proceeding. Upon termination of the Class 1-AF Policy, the Trustee will forthwith deliver the original of the Class 1-AF Policy to the Class 1-AF Insurer.

Pursuant to the Class 1-AF Policy, the Class 1-AF Insurer will pay any Preference Amount when due to be paid pursuant to the Order (as defined below), but in any event no earlier than the third Business Day following

receipt by the Class 1-AF Insurer of (i) a certified copy of a final, non-appealable order of a court or other body exercising jurisdiction in such insolvency proceeding to the effect that the Trustee, or holder of a Class 1-AF Certificate, as applicable, is required to return such Preference Amount paid during the term of the Class 1-AF Policy because such payments were avoided as a preferential transfer or otherwise rescinded or required to be restored by the Trustee or holder of a Class 1-AF Certificate (the “**Order**”), (ii) a notice by or on behalf of the Trustee or holder of a Class 1-AF Certificate that the Order has been entered and is not subject to any stay, (iii) an assignment, in form and substance satisfactory to the Class 1-AF Insurer, duly executed and delivered by the Trustee or holder of a Class 1-AF Certificate, irrevocably assigning to the Class 1-AF Insurer all rights and claims of the Trustee or such holder relating to or arising under the Pooling and Servicing Agreement against the estate of the Trust or otherwise with respect to such Preference Amount and (iv) a notice (in the form provided in the Class 1-AF Policy) appropriately completed and executed by the Trustee; provided, that if such documents are received after 12:00 noon, New York City time on such Business Day, they will be deemed to be received the following Business Day; provided further, that the Class 1-AF Insurer shall not be obligated to make any payment in respect of any Preference Amount representing a payment of principal on the Class 1-AF Certificates prior to the time the Class 1-AF Insurer would have been required to make a payment in respect of such principal pursuant to the Class 1-AF Policy. Such payment shall be disbursed to the receiver, conservator, debtor-in-possession or trustee in bankruptcy named in the Order, and not to the Trustee or to the holders of the Class 1-AF Certificates directly, unless a holder of a Class 1-AF Certificate has made a payment of the Preference Amount to the court or such receiver, conservator, debtor-in-possession or trustee in bankruptcy named in the Order, in which case the Class 1-AF Insurer will pay to the Trustee on behalf of such holder, subject to the delivery of (a) the items referred to in clauses (i), (ii), (iii) and (iv) above to the Class 1-AF Insurer and (b) evidence satisfactory to the Class 1-AF Insurer that payment has been made to such court or receiver, conservator, debtor-in-possession or trustee in bankruptcy named in the Order.

As used in the Class 1-AF Policy, the following terms shall have the following meanings:

“**Deficiency Amount**” with respect to:

(A) each Distribution Date prior to the Final Scheduled Distribution Date for any class of Class 1-AF Certificates, means an amount equal to the sum of (i) the excess, if any, of (a) the amount of Current Interest on that class net of any interest shortfalls resulting from Prepayment Interest Shortfalls and any interest shortfalls resulting from the application of the Relief Act, or similar state or local laws over (b) the Class 1-AF Available Funds for that class for that Distribution Date, and (ii) any Applied Realized Loss Amount allocated to that class on that Distribution Date, in each case taking into account all distributions to be made on such Distribution Date;

(B) the Final Scheduled Distribution Date for any class of Class 1-AF Certificates, means an amount equal to the sum of (i) the excess, if any, of (a) the amount of Current Interest on that class net of any interest shortfalls resulting from Prepayment Interest Shortfalls and any interest shortfalls resulting from the application of the Relief Act, or similar state or local laws over (b) the Class 1-AF Available Funds for that class for that Distribution Date and (ii) the Certificate Principal Balance of such class on such Distribution Date (after taking into account all distributions of Class 1-AF Available Funds for that class to be made to that class on such Distribution Date); and

(C) for any class of Class 1-AF Certificates and any date on which the acceleration of that class has been directed or consented to by the Class 1-AF Insurer, means the excess of (i) the amount required to pay the Certificate Principal Balance of that class in full, together with accrued and unpaid interest thereon through the date of payment of that class over (ii) the Class 1-AF Available Funds for that class for that Distribution Date.

“**Final Scheduled Distribution Date**” means the Distribution Date occurring in January 2037.

“**Class 1-AF Available Funds**” means, with respect to any class of Class 1-AF Certificates and any Distribution Date, funds allocated from amounts available pursuant to the Pooling and Servicing Agreement to make distributions on that class on such Distribution Date, other than any Insured Amounts.

“**Due for Payment**” means with respect to an Insured Amount, the Distribution Date on which Insured Amounts are due and payable pursuant to the terms of the Pooling and Servicing Agreement.

“Insured Amounts” means, with respect to any class of Class 1-AF Certificates and any Distribution Date, the Deficiency Amount for such class and Distribution Date.

“Insured Payments” means, with respect to any Distribution Date, the aggregate amount actually paid by the Class 1-AF Insurer to the Trustee in respect of (i) Insured Amounts for a Distribution Date and (ii) Preference Amounts for any given Business Day.

“Late Payment Rate” means, with respect to any Distribution Date, the lesser of (i) the greater of (a) the rate of interest, as it is publicly announced by Citibank, N.A. at its principal office in New York, New York as its prime rate (any change in such prime rate of interest to be effective on the date such change is announced by Citibank, N.A.) plus 2% and (b) the then applicable highest rate of interest on any of the Class 1-AF Certificates and (ii) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days.

“Nonpayment” means, with respect to any Distribution Date, an Insured Amount is Due for Payment but has not been paid pursuant to the Pooling and Servicing Agreement.

“Preference Amount” means any amount payable on a class of Class 1-AF Certificates, which has become Due for Payment and which was made to a holder of that class of Class 1-AF Certificate by or on behalf of the Trust Fund, which has been deemed a preferential transfer and theretofore recovered from its holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction.

“Reimbursement Amount” means, with respect to any Distribution Date, (i) all Insured Payments paid by the Class 1-AF Insurer, but for which the Class 1-AF Insurer has not been reimbursed prior to such Distribution Date, plus (ii) interest accrued on such Insured Payments not previously repaid calculated at the Late Payment Rate, from the date such Insured Payments were made, plus (iii) any other amounts payable to the Class 1-AF Insurer pursuant to the insurance and indemnity agreement relating to the Class 1-AF Policy that have not been reimbursed plus interest accrued on such amounts not previously reimbursed calculated at the Late Payment Rate.

Capitalized terms used herein as defined terms and not otherwise defined herein shall have the meaning assigned to them in the Pooling and Servicing Agreement, without regard to any amendment or modification thereof, unless such amendment or modification has been approved in writing by the Class 1-AF Insurer.

The Class 1-AF Policy is not cancelable. The premium on the Class 1-AF Policy is not refundable for any reason including payment, or provision being made for payment, prior to maturity of the Class 1-AF Certificates.

The Class 1-AF Policy is issued under and shall be construed under, the laws of the State of New York, without giving effect to the conflict of laws principles thereof.

THE INSURANCE PROVIDED BY THE CLASS 1-AF POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

Ambac Assurance Corporation

General

The following information has been supplied by Ambac Assurance Corporation, the Class 1-AF Insurer, for inclusion in this prospectus supplement.

Ambac Assurance Corporation (“**Ambac**”) is a leading financial guarantee insurance company that is primarily engaged in guaranteeing public finance and structured finance obligations. Ambac is the successor to the founding financial guarantee insurance company, which wrote the first bond insurance policy in 1971. Ambac is licensed to transact financial guarantee and surety business in all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Territory of Guam and the U.S. Virgin Islands. Ambac is subject to the

insurance laws and regulations of the State of Wisconsin, its state of incorporation, and the insurance laws and regulations of other states in which it is licensed to transact business. Ambac is a wholly-owned subsidiary of Ambac Financial Group, Inc. (“**Ambac Financial Group**”), a 100% publicly-held company. Ambac has earned triple-A financial strength ratings from Moody’s Investors Service, Inc., Standard & Poor’s Ratings Services, Fitch, Inc., and Rating and Investment Information, Inc.

Capitalization

The following table sets forth the capitalization of Ambac and subsidiaries as of December 31, 2004, December 31, 2005 and June 30, 2006 in conformity with U.S. generally accepted accounting principles.

Ambac Assurance Corporation and Subsidiaries
CONSOLIDATED CAPITALIZATION TABLE
(Dollars in Millions)

	<u>December 31, 2004</u>	<u>December 31, 2005</u>	<u>June 30, 2006</u>
			(Unaudited)
Unearned premiums	\$2,783	\$2,966	\$3,052
Long-term debt	1,074	1,042	972
Other liabilities	<u>2,199</u>	<u>1,996</u>	<u>1,770</u>
Total liabilities	<u>6,056</u>	<u>6,004</u>	<u>5,794</u>
Stockholder’s equity			
Common stock	82	82	82
Additional paid-in capital	1,233	1,453	1,467
Accumulated other comprehensive income	238	137	10
Retained earnings	<u>4,094</u>	<u>4,499</u>	<u>4,875</u>
Total stockholder’s equity	<u>5,647</u>	<u>6,171</u>	<u>6,434</u>
Total liabilities and stockholder’s equity	<u>\$11,703</u>	<u>\$12,175</u>	<u>\$12,228</u>

There has been no material adverse change in the capitalization of Ambac and subsidiaries from June 30, 2006 to the date of this prospectus supplement.

For additional financial information concerning Ambac, see the audited consolidated financial statements of Ambac incorporated by reference herein.

Incorporation of Certain Documents by Reference

The portions of the following documents relating to Ambac, which have been filed with the SEC by Ambac Financial Group, Inc. (Exchange Act registration number No. 1-10777), are incorporated by reference into this prospectus supplement. Any information referenced in this way is considered part of this prospectus supplement.

- Ambac Financial Group’s Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and filed on March 13, 2006;
- Ambac Financial Group’s Current Report on Form 8-K dated and filed on April 26, 2006;
- Ambac Financial Group’s Quarterly Report on Form 10-Q for the three-month period ended March 31, 2006 and filed on May 10, 2006;

- Ambac Financial Group's Current Report on Form 8-K dated and filed on July 26, 2006; and
- Ambac Financial Group's Current Report on Form 8-K dated July 25, 2006 and filed on July 26, 2006.

Ambac's consolidated financial statements and all other information relating to Ambac and subsidiaries included in Ambac Financial Group's periodic reports filed with the SEC subsequent to the date of this prospectus supplement and prior to the termination of the offering of the Class 1-AF Certificates shall, to the extent filed (rather than furnished pursuant to Item 9 of Form 8-K), be deemed to be incorporated by reference into this prospectus supplement and to be a part hereof from the respective dates of filing of such reports.

Any statement contained in a document incorporated in this prospectus supplement by reference shall be modified or superseded for the purposes of this prospectus supplement to the extent that a statement contained in a subsequently filed document incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement.

Copies of all information regarding Ambac that is incorporated by reference in this prospectus supplement can be read and copied at the SEC's website at <http://www.sec.gov>, the SEC's public reference room at 100 F Street N.E., Washington, D.C. 20549, and the offices of the NYSE, 20 Broad Street, New York, New York 10005. Copies of Ambac's annual statement for the year ended December 31, 2005 prepared on the basis of accounting practices prescribed or permitted by the State of Wisconsin Office of the Commissioner of Insurance, are available without charge from Ambac. The address of Ambac's administrative offices and its telephone number are One State Street Plaza, 19th Floor, New York, New York 10004 and (212) 668-0340.

Other Information

Ambac Assurance Corporation makes no representation regarding the Certificates or the advisability of investing in the Certificates. Ambac Assurance Corporation makes no representation regarding, nor has it participated in the preparation of, this prospectus supplement other than the information supplied by Ambac Assurance Corporation and presented under this heading and "*Class 1-AF Certificate Guaranty Insurance Policy*" in this prospectus supplement and in the financial statements incorporated in this prospectus supplement by reference.

Additional Considerations Concerning the Class 1-AF Policy and the Class 1-AF Insurer

The Class 1-AF Insurer will be subrogated to the rights of each holder of a Class 1-AF Certificate to receive distributions on those Class 1-AF Certificates to the extent of any payment by the Class 1-AF Insurer under the Class 1-AF Policy.

Pursuant to the terms of the Pooling and Servicing Agreement, unless the Class 1-AF Insurer fails to make a required payment under the Class 1-AF Policy, a proceeding in bankruptcy shall have been instituted by the Class 1-AF Insurer, or a decree or order for relief shall have been issued in respect of a proceeding in bankruptcy against the Class 1-AF Insurer and shall remain unstayed for a period of 60 consecutive days, the Class 1-AF Insurer will be entitled to exercise the Voting Rights of the Class 1-AF Certificateholders, without the consent of the Class 1-AF Certificateholders, and the Class 1-AF Certificateholders may exercise such rights only with the prior written consent of the Class 1-AF Insurer.

Final Maturity Reserve Funds

The trustee, on behalf of the reserve fund trust, will establish and maintain an account (the "***Fixed Rate Final Maturity Reserve Fund***" and the "***Adjustable Rate Final Maturity Reserve Fund***", and each, a "***Final Maturity Reserve Fund***"), on behalf of the holders of the Class 1-AF Certificates (in the case of the Fixed Rate Final Maturity Reserve Fund) and the holders of the Class AV and Adjustable Rate Subordinate Certificates (in the case of the Adjustable Rate Final Maturity Reserve Fund). On the closing date, the depositor will deposit or cause

to be deposited \$1,000 into each Final Maturity Reserve Fund. Neither Final Maturity Reserve Fund will be an asset of the issuing entity or of any REMIC.

Fixed Rate Final Maturity Reserve Fund.

On each Distribution Date beginning on the Distribution Date in August 2016 up to and including the Fixed Rate Final Maturity Reserve Funding Date (defined below), if the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 having an original term to maturity of 40 years as of the Due Date occurring in the month preceding the month of that Distribution Date (after giving effect to principal prepayments in the Prepayment Period related to that prior Due Date) is greater than the amount specified in the table entitled “Fixed Rate 40-Year Target Schedule” below for such Distribution Date (the “**Fixed Rate 40-Year Target**”), the Trustee will deposit an amount equal to the Fixed Rate Final Maturity Reserve Fund Required Deposit for that Distribution Date into the Fixed Rate Final Maturity Reserve Fund, until the amount on deposit in the Fixed Rate Final Maturity Reserve Fund is equal to the Fixed Rate Final Maturity Funding Cap.

The “**Fixed Rate Final Maturity Reserve Fund Required Deposit**” for any Distribution Date beginning on the Distribution Date in August 2016 up to and including the Fixed Rate Final Maturity Reserve Funding Date will be equal to the lesser of (a) the product of (i) 0.80% and (ii) the aggregate Stated Principal Balance of the Mortgage Loans with 40-year original terms to maturity in Loan Group 1 as of the Due Date occurring in the month preceding the month of that Distribution Date (after giving effect to principal prepayments in the Prepayment Period related to that prior Due Date) and (b) the excess of (i) the Fixed Rate Final Maturity Funding Cap for such Distribution Date over (ii) the amount on deposit in the Fixed Rate Final Maturity Reserve Fund immediately prior to such Distribution Date.

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Fixed Rate 40-Year Target Schedule

Month of Distribution Date	Fixed Rate 40-Year Target (\$)	Month of Distribution Date	Fixed Rate 40-Year Target (\$)	Month of Distribution Date	Fixed Rate 40-Year Target (\$)	Month of Distribution Date	Fixed Rate 40-Year Target (\$)
August 2016	16,917,563	October 2021	6,866,510	December 2026	2,691,681	February 2032.....	991,763
September 2016....	16,676,539	November 2021	6,765,771	January 2027	2,650,256	March 2032.....	975,167
October 2016	16,438,860	December 2021	6,666,451	February 2027	2,609,427	April 2032.....	958,818
November 2016	16,204,480	January 2022	6,568,530	March 2027	2,569,187	May 2032.....	942,713
December 2016	15,973,354	February 2022	6,471,989	April 2027	2,529,528	June 2032.....	926,850
January 2017	15,745,438	March 2022	6,376,809	May 2027	2,490,440	July 2032	911,224
February 2017	15,520,686	April 2022	6,282,971	June 2027	2,451,917	August 2032	895,832
March 2017	15,299,057	May 2022	6,190,457	July 2027	2,413,950	September 2032....	880,670
April 2017	15,080,508	June 2022	6,099,248	August 2027	2,376,532	October 2032	865,737
May 2017.....	14,864,995	July 2022.....	6,009,326	September 2027	2,339,654	November 2032	851,027
June 2017.....	14,652,478	August 2022.....	5,920,674	October 2027.....	2,303,310	December 2032	836,538
July 2017	14,442,915	September 2022	5,833,274	November 2027.....	2,267,492	January 2033.....	822,268
August 2017	14,236,267	October 2022	5,747,108	December 2027	2,232,192	February 2033.....	808,212
September 2017	14,032,492	November 2022	5,662,160	January 2028	2,197,403	March 2033.....	794,368
October 2017.....	13,831,552	December 2022	5,578,413	February 2028	2,163,119	April 2033.....	780,732
November 2017	13,633,408	January 2023	5,495,850	March 2028	2,129,331	May 2033	767,303
December 2017	13,438,022	February 2023	5,414,455	April 2028	2,096,034	June 2033	754,076
January 2018	13,245,355	March 2023	5,334,212	May 2028	2,063,220	July 2033	741,049
February 2018	13,055,371	April 2023	5,255,104	June 2028	2,030,882	August 2033	728,219
March 2018	12,868,033	May 2023	5,177,117	July 2028	1,999,014	September 2033	715,583
April 2018	12,683,304	June 2023	5,100,234	August 2028	1,967,609	October 2033	703,139
May 2018.....	12,501,148	July 2023	5,024,440	September 2028	1,936,661	November 2033	690,883
June 2018.....	12,321,531	August 2023.....	4,949,720	October 2028.....	1,906,163	December 2033	678,813
July 2018	12,144,417	September 2023	4,876,060	November 2028.....	1,876,109	January 2034.....	666,927
August 2018	11,969,773	October 2023	4,803,445	December 2028	1,846,492	February 2034.....	655,222
September 2018	11,797,563	November 2023	4,731,859	January 2029	1,817,308	March 2034.....	643,694
October 2018	11,627,756	December 2023	4,661,290	February 2029	1,788,548	April 2034.....	632,342
November 2018	11,460,317	January 2024.....	4,591,722	March 2029	1,760,209	May 2034.....	621,163
December 2018	11,295,215	February 2024.....	4,523,143	April 2029	1,732,283	June 2034.....	610,155
January 2019	11,132,417	March 2024	4,455,538	May 2029	1,704,765	July 2034	599,315
February 2019	10,971,892	April 2024	4,388,893	June 2029	1,677,649	August 2034	588,640
March 2019	10,813,608	May 2024	4,323,196	July 2029	1,650,929	September 2034	578,129
April 2019	10,657,535	June 2024	4,258,433	August 2029	1,624,601	October 2034	567,779
May 2019.....	10,503,642	July 2024	4,194,592	September 2029	1,598,657	November 2034	557,588
June 2019.....	10,351,900	August 2024.....	4,131,660	October 2029	1,573,094	December 2034	547,553
July 2019	10,202,278	September 2024	4,069,623	November 2029.....	1,547,905	January 2035.....	537,672
August 2019	10,054,749	October 2024	4,008,470	December 2029	1,523,086	February 2035.....	527,943
September 2019....	9,909,282	November 2024	3,948,188	January 2030	1,498,631	March 2035.....	518,363
October 2019	9,765,849	December 2024	3,888,765	February 2030	1,474,535	April 2035.....	508,932
November 2019	9,624,424	January 2025.....	3,830,190	March 2030	1,450,793	May 2035.....	499,645
December 2019	9,484,977	February 2025.....	3,772,450	April 2030	1,427,399	June 2035.....	490,502
January 2020	9,347,482	March 2025.....	3,715,535	May 2030	1,404,350	July 2035	481,501
February 2020	9,211,912	April 2025.....	3,659,431	June 2030	1,381,640	August 2035	472,638
March 2020	9,078,241	May 2025	3,604,129	July 2030	1,359,265	September 2035	463,913
April 2020	8,946,442	June 2025	3,549,617	August 2030	1,337,219	October 2035	455,323
May 2020.....	8,816,489	July 2025.....	3,495,884	September 2030	1,315,498	November 2035	446,866
June 2020.....	8,688,358	August 2025	3,442,919	October 2030.....	1,294,098	December 2035	438,541
July 2020	8,562,024	September 2025	3,390,712	November 2030.....	1,273,013	January 2036.....	430,345
August 2020	8,437,460	October 2025	3,339,252	December 2030	1,252,240	February 2036.....	422,277
September 2020....	8,314,644	November 2025	3,288,529	January 2031	1,231,774	March 2036.....	414,334
October 2020	8,193,551	December 2025	3,238,532	February 2031	1,211,611	April 2036.....	406,516
November 2020	8,074,157	January 2026	3,189,251	March 2031	1,191,746	May 2036.....	398,819
December 2020	7,956,439	February 2026.....	3,140,676	April 2031	1,172,175	June 2036.....	391,243
January 2021	7,840,374	March 2026.....	3,092,798	May 2031	1,152,895	July 2036	383,785
February 2021	7,725,939	April 2026.....	3,045,607	June 2031	1,133,900	August 2036	376,445
March 2021	7,613,111	May 2026.....	2,999,093	July 2031	1,115,188	September 2036	369,219
April 2021	7,501,869	June 2026	2,953,247	August 2031	1,096,753	October 2036	362,107
May 2021.....	7,392,191	July 2026.....	2,908,059	September 2031	1,078,592	November 2036	355,107
June 2021.....	7,284,055	August 2026.....	2,863,521	October 2031.....	1,060,701	December 2036	348,217
July 2021	7,177,439	September 2026	2,819,622	November 2031.....	1,043,077	January 2037.....	341,436
August 2021	7,072,324	October 2026	2,776,356	December 2031	1,025,715		
September 2021	6,968,687	November 2026	2,733,711	January 2032	1,008,612		

The “**Fixed Rate Final Maturity Funding Cap**” for any Distribution Date beginning with the Distribution Date in August 2016 will equal to the lesser of (i) the aggregate Certificate Principal Balance of the Class 1-AF Certificates immediately prior to that Distribution Date and (ii) the aggregate Stated Principal Balance of all outstanding Mortgage Loans in Loan Group 1 with original terms to maturity of 40 years as of the as of the first day of the related Due Period (after giving effect to principal prepayments received during the Prepayment Period that ends during such Due Period).

The “**Fixed Rate Final Maturity Reserve Funding Date**” is the earlier of (i) the Distribution Date on which the amount on deposit in the Fixed Rate Final Maturity Reserve Fund is equal to the Fixed Rate Final Maturity Funding Cap and (ii) the Distribution Date in January 2037.

On the Distribution Date in January 2037, following all other distributions to be made on such Distribution Date (other than distributions from the Adjustable Rate Final Maturity Reserve Fund, which shall be made simultaneously), all amounts on deposit in the Fixed Rate Final Maturity Reserve Fund will be distributed in the following order of priority:

- (1) concurrently, to the classes of Class 1-AF Certificates, pro rata, until the aggregate Certificate Principal Balance thereof is reduced to zero; and
- (2) to the Class CF Certificates, all remaining amounts.

If the mortgage loans are purchased in connection with an optional termination of the issuing entity, the funds on deposit in the Fixed Rate Final Maturity Reserve Fund will be used to make payments in accordance with clause (2) above after application of the purchase price pursuant to the exercise of the optional termination.

Adjustable Rate Final Maturity Reserve Fund.

On each Distribution Date beginning on the Distribution Date in August 2016 up to and including the Adjustable Rate Final Maturity Reserve Funding Date (defined below), if the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 having an original term to maturity of 40 years as of the Due Date occurring in the month preceding the month of that Distribution Date (after giving effect to principal prepayments in the Prepayment Period related to that prior Due Date) is greater than the amount specified in the table entitled “Adjustable Rate 40-Year Target Schedule” below for such Distribution Date (the “**Adjustable Rate 40-Year Target**”), the Trustee will deposit an amount equal to the Adjustable Rate Final Maturity Reserve Fund Required Deposit for that Distribution Date into the Adjustable Rate Final Maturity Reserve Fund, until the amount on deposit in the Adjustable Rate Final Maturity Reserve Fund is equal to the Adjustable Rate Final Maturity Funding Cap.

The “**Adjustable Rate Final Maturity Reserve Fund Required Deposit**” for any Distribution Date beginning on the Distribution Date in August 2016 up to and including the Adjustable Rate Final Maturity Reserve Funding Date will be equal to the lesser of (a) the product of (i) 0.80% and (ii) the aggregate Stated Principal Balance of the Mortgage Loans with 40-year original terms to maturity in Loan Group 2 and Loan Group 3 as of the Due Date occurring in the month preceding the month of that Distribution Date (after giving effect to principal prepayments in the Prepayment Period related to that prior Due Date) and (b) the excess of (i) the Adjustable Rate Final Maturity Funding Cap for such Distribution Date over (ii) the amount on deposit in the Adjustable Rate Final Maturity Reserve Fund immediately prior to such Distribution Date.

Adjustable Rate 40-Year Target Schedule

Month of Distribution Date	Adjustable Rate 40-Year Target (\$)	Month of Distribution Date	Adjustable Rate 40-Year Target (\$)	Month of Distribution Date	Adjustable Rate 40-Year Target (\$)	Month of Distribution Date	Adjustable Rate 40-Year Target (\$)
August 2016.....	40,925,708	October 2021.....	17,146,686	December 2026 ...	7,014,153	February 2032.....	2,734,297
September 2016 ...	40,360,369	November 2021...	16,905,162	January 2027	6,911,675	March 2032.....	2,691,337
October 2016	39,802,710	December 2021 ...	16,666,939	February 2027	6,810,613	April 2032.....	2,648,981
November 2016 ...	39,252,628	January 2022	16,431,973	March 2027	6,710,947	May 2032.....	2,607,221
December 2016....	38,710,021	February 2022	16,200,219	April 2027	6,612,658	June 2032	2,566,048
January 2017.....	38,174,788	March 2022	15,971,635	May 2027.....	6,515,727	July 2032.....	2,525,456
February 2017.....	37,646,828	April 2022	15,746,177	June 2027.....	6,420,137	August 2032.....	2,485,436
March 2017	37,126,045	May 2022	15,523,802	July 2027	6,325,868	September 2032 ...	2,445,979
April 2017.....	36,612,340	June 2022	15,304,470	August 2027	6,232,903	October 2032	2,407,079
May 2017	36,105,618	July 2022	15,088,138	September 2027...	6,141,224	November 2032 ...	2,368,728
June 2017	35,605,785	August 2022	14,874,767	October 2027	6,050,813	December 2032....	2,330,918
July 2017.....	35,112,748	September 2022 ..	14,664,315	November 2027 ...	5,961,654	January 2033	2,293,641
August 2017.....	34,626,414	October 2022.....	14,456,745	December 2027 ...	5,873,729	February 2033.....	2,256,891
September 2017...	34,146,694	November 2022...	14,252,015	January 2028	5,787,022	March 2033	2,220,661
October 2017	33,673,497	December 2022...	14,050,088	February 2028	5,701,515	April 2033.....	2,184,942
November 2017 ...	33,206,736	January 2023	13,850,927	March 2028	5,617,193	May 2033	2,149,729
December 2017...	32,746,323	February 2023	13,654,493	April 2028	5,534,040	June 2033	2,115,014
January 2018.....	32,292,173	March 2023	13,460,749	May 2028.....	5,452,038	July 2033.....	2,080,790
February 2018.....	31,844,201	April 2023	13,269,660	June 2028.....	5,371,174	August 2033.....	2,047,051
March 2018.....	31,402,324	May 2023	13,081,188	July 2028	5,291,431	September 2033 ...	2,013,790
April 2018.....	30,966,459	June 2023	12,895,299	August 2028	5,212,794	October 2033	1,981,001
May 2018.....	30,536,525	July 2023	12,711,958	September 2028...	5,135,249	November 2033 ...	1,948,676
June 2018	30,112,442	August 2023	12,531,129	October 2028	5,058,779	December 2033 ...	1,916,810
July 2018.....	29,694,130	September 2023 ..	12,352,780	November 2028 ...	4,983,371	January 2034	1,885,396
August 2018.....	29,281,512	October 2023	12,176,876	December 2028 ...	4,909,010	February 2034	1,854,429
September 2018 ...	28,874,510	November 2023...	12,003,384	January 2029	4,835,682	March 2034	1,823,901
October 2018	28,473,050	December 2023 ...	11,832,271	February 2029	4,763,372	April 2034.....	1,793,807
November 2018 ...	28,077,054	January 2024	11,663,506	March 2029	4,692,067	May 2034.....	1,764,142
December 2018...	27,686,451	February 2024	11,497,056	April 2029	4,621,754	June 2034	1,734,898
January 2019	27,301,166	March 2024	11,332,890	May 2029	4,552,418	July 2034.....	1,706,071
February 2019.....	26,921,129	April 2024	11,170,977	June 2029.....	4,484,046	August 2034.....	1,677,654
March 2019.....	26,546,267	May 2024	11,011,287	July 2029	4,416,626	September 2034 ...	1,649,643
April 2019.....	26,176,511	June 2024	10,853,789	August 2029	4,350,144	October 2034	1,622,030
May 2019.....	25,811,793	July 2024	10,698,453	September 2029 ...	4,284,587	November 2034 ...	1,594,812
June 2019	25,452,043	August 2024	10,545,250	October 2029	4,219,943	December 2034....	1,567,982
July 2019.....	25,097,194	September 2024 ..	10,394,152	November 2029 ...	4,156,199	January 2035	1,541,536
August 2019.....	24,747,181	October 2024	10,245,130	December 2029 ...	4,093,344	February 2035.....	1,515,467
September 2019 ...	24,401,938	November 2024...	10,098,155	January 2030	4,031,365	March 2035	1,489,771
October 2019	24,061,400	December 2024...	9,953,199	February 2030	3,970,249	April 2035.....	1,464,442
November 2019 ...	23,725,503	January 2025	9,810,236	March 2030	3,909,986	May 2035	1,439,476
December 2019....	23,394,186	February 2025	9,669,239	April 2030	3,850,563	June 2035	1,414,868
January 2020	23,067,385	March 2025	9,530,180	May 2030.....	3,791,970	July 2035.....	1,390,612
February 2020.....	22,745,041	April 2025	9,393,033	June 2030.....	3,734,194	August 2035.....	1,366,704
March 2020.....	22,427,091	May 2025	9,257,773	July 2030	3,677,225	September 2035 ...	1,343,139
April 2020.....	22,113,478	June 2025	9,124,373	August 2030	3,621,052	October 2035	1,319,912
May 2020.....	21,804,142	July 2025	8,992,809	September 2030...	3,565,664	November 2035 ...	1,297,019
June 2020.....	21,499,026	August 2025	8,863,055	October 2030	3,511,049	December 2035....	1,274,455
July 2020.....	21,198,072	September 2025 ..	8,735,088	November 2030 ...	3,457,199	January 2036	1,252,215
August 2020.....	20,901,224	October 2025	8,608,882	December 2030 ...	3,404,101	February 2036.....	1,230,295
September 2020...	20,608,426	November 2025...	8,484,414	January 2031	3,351,746	March 2036.....	1,208,691
October 2020	20,319,624	December 2025 ...	8,361,660	February 2031	3,300,124	April 2036	1,184,308
November 2020 ...	20,034,764	January 2026	8,240,597	March 2031	3,249,224	May 2036	1,163,381
December 2020....	19,753,792	February 2026	8,121,202	April 2031	3,199,038	June 2036	1,142,755
January 2021.....	19,476,655	March 2026	8,003,452	May 2031.....	3,149,554	July 2036.....	1,122,427
February 2021.....	19,203,302	April 2026	7,887,325	June 2031.....	3,100,764	August 2036.....	1,102,393
March 2021	18,933,682	May 2026	7,772,800	July 2031	3,052,658	September 2036 ...	1,082,648
April 2021.....	18,667,743	June 2026	7,659,853	August 2031	3,005,226	October 2036	1,063,189
May 2021	18,405,437	July 2026	7,548,464	September 2031...	2,958,460	November 2036 ...	1,044,011
June 2021	18,146,713	August 2026	7,438,611	October 2031	2,912,350	December 2036....	1,025,111
July 2021.....	17,891,523	September 2026 ..	7,330,274	November 2031 ...	2,866,888	January 2037	1,006,485
August 2021.....	17,639,821	October 2026.....	7,223,432	December 2031 ...	2,822,064		
September 2021 ...	17,391,557	November 2026...	7,118,065	January 2032	2,777,870		

The “**Adjustable Rate Final Maturity Funding Cap**” for any Distribution Date beginning with the Distribution Date in August 2016 will equal to the lesser of (i) the aggregate Certificate Principal Balance of the Class AV Certificates and the Adjustable Rate Subordinate Certificates immediately prior to that Distribution Date and (ii) the aggregate Stated Principal Balance of all outstanding Mortgage Loans in Loan Group 2 and Loan Group 3 with original terms to maturity of 40 years as of the first day of the related Due Period (after giving effect to principal prepayments received during the Prepayment Period that ends during such Due Period).

The “**Adjustable Rate Final Maturity Reserve Funding Date**” is the earlier of (i) the Distribution Date on which the amount on deposit in the Adjustable Rate Final Maturity Reserve Fund is equal to the Adjustable Rate Final Maturity Funding Cap and (ii) the Distribution Date in January 2037.

On the Distribution Date in January 2037, following all other distributions to be made on such Distribution Date (other than distributions from the Fixed Rate Final Maturity Reserve Fund, which shall be made simultaneously), all amounts on deposit in the Adjustable Rate Final Maturity Reserve Fund will be distributed in the following order of priority:

- (1) concurrently, to the classes of Class AV Certificates, pro rata, until the aggregate Certificate Principal Balance thereof is reduced to zero;
- (2) sequentially, to the Class MV-1, Class MV-2, Class MV-3, Class MV-4, Class MV-5, Class MV-6, Class MV-7, Class MV-8 and Class BV Certificates, in that order, in each case until the Certificate Principal Balance thereof is reduced to zero; and
- (3) to the Class CV Certificates, all remaining amounts.

If the mortgage loans are purchased in connection with an optional termination of the issuing entity, the funds on deposit in the Adjustable Rate Final Maturity Reserve Fund will be used to make payments in accordance with clause (3) above after application of the purchase price pursuant to the exercise of the optional termination.

Credit Comeback Excess Account

The Pooling and Servicing Agreement will require the Trustee to establish a reserve account (the “**Credit Comeback Excess Account**”), which is held in trust by the Trustee on behalf of the holders of the Certificates. The Credit Comeback Excess Account will not be an asset of any REMIC.

On each Distribution Date, the Trustee will deposit in the Credit Comeback Excess Account, all Credit Comeback Excess Amounts received during the related Due Period. On each Distribution Date, all Credit Comeback Excess Amounts received in respect Loan Group 1, on the one hand, and Loan Group 2 and Loan Group 3, on the other hand, during the related Due Period will be distributed to the Group 1 Certificates and the Group 2 and Group 3 Certificates, respectively, to restore overcollateralization and to cover any Unpaid Realized Loss Amounts as described under “—*Overcollateralization Provisions — Fixed Rate Excess Cashflow*” and “—*Overcollateralization Provisions — Adjustable Rate Credit Comeback Excess Cashflow*.” Any Credit Comeback Excess Amounts in respect of Loan Group 1 remaining after the application of the Fixed Rate Credit Comeback Excess Cashflow as described under “—*Overcollateralization Provisions — Fixed Rate Excess Cashflow*” will be distributed to the Class CF Certificates and will not be available thereafter, and any Credit Comeback Excess Amounts in respect of Loan Group 2 and Loan Group 3 remaining after the application of the Adjustable Rate Credit Comeback Excess Cashflow as described under “—*Overcollateralization Provisions — Adjustable Rate Excess Cashflow*” will be distributed to the Class CV Certificates and will not be available thereafter.

Applied Realized Loss Amounts

If on any Distribution Date, after giving effect to the distributions described above, the aggregate Certificate Principal Balance of the Class 1-AF Certificates exceeds the sum of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 1 and the amount on deposit in the Pre-Funding Account in respect

of Loan Group 1, the amount of the excess will be applied to reduce the Certificate Principal Balance of each class of Class 1-AF Certificates, on a pro rata basis according to their respective Certificate Principal Balances, until the Certificate Principal Balances of such classes have been reduced to zero. The Class 1-AF Insurer is obligated to make Insured Payments in respect of Applied Realized Loss Amounts on the Class 1-AF Certificates as they occur.

If on any Distribution Date, after giving effect to the distributions described above, the aggregate Certificate Principal Balance of the Class AV Certificates and Adjustable Rate Subordinate Certificates exceeds the sum of the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 and Loan Group 3 and the amount on deposit in the Pre-Funding Account in respect of Loan Group 2 and Loan Group 3, the amount of the excess will be applied first to reduce the Certificate Principal Balances of the Class BV, Class MV-8, Class MV-7, Class MV-6, Class MV-5, Class MV-4, Class MV-3, Class MV-2 and Class MV-1 Certificates, in that order, in each case until the Certificate Principal Balance of the class has been reduced to zero. After the Certificate Principal Balances of the Adjustable Rate Subordinate Certificates have been reduced to zero, (i) if the Certificate Principal Balance of the Class 2-AV Certificates exceeds the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2, the amount of such excess will be applied to reduce the Certificate Principal Balance of the Class 2-AV Certificates, until the Certificate Principal Balance thereof has been reduced to zero, and (ii) if the aggregate Certificate Principal Balance of the Class 3-AV Certificates exceeds the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 3, the amount of such excess will be applied to reduce the Certificate Principal Balance of each class of Class 3-AV Certificates, pro rata, until the Certificate Principal Balances of such classes have been reduced to zero. A reduction described in this paragraph or the immediately preceding paragraph is referred to as an “***Applied Realized Loss Amount***.”

If the Certificate Principal Balance of a class of Certificates has been reduced through the application of Applied Realized Loss Amounts as described above, interest will accrue on the Certificate Principal Balance as so reduced unless the Certificate Principal Balance is subsequently increased due to the allocation of Subsequent Recoveries to the Certificate Principal Balance of the class as described in the definition of “Certificate Principal Balance” described in this prospectus supplement under “— *Glossary of Terms — Definitions Related to Distribution Dates and Collections*. ”

Reports to Certificateholders

On each Distribution Date, the Trustee will forward by first class mail to each certificateholder, the Class 1-AF Insurer, the Master Servicer and the Depositor a statement generally setting forth, among other information:

- (1) the amount of the related distribution to holders of the Certificates allocable to principal, separately identifying:
 - (a) the aggregate amount of any Principal Prepayments included therein, and
 - (b) the aggregate of all Scheduled Payments of principal included therein,
- (2) the amount of the distribution to holders of the Certificates allocable to interest,
- (3) the Interest Carry Forward Amounts for each class of Certificates (if any),
- (4) the Certificate Principal Balance of each class of Certificates after giving effect to (i) all distributions allocable to principal on the Distribution Date, (ii) the allocation of any Applied Realized Loss Amounts for the Distribution Date and (iii) the allocation of any Subsequent Recoveries for the Distribution Date,
- (5) the aggregate Stated Principal Balance of the Mortgage Loans in each Loan Group for the following Distribution Date,
- (6) the amount of the Master Servicing Fees paid to or retained by the Master Servicer for the related Due Period,

- (7) the Pass-Through Rate for each class of Certificates for the Distribution Date,
 - (8) the amount of Advances for each Loan Group included in the distribution on the Distribution Date,
 - (9) the number and aggregate principal amounts of Mortgage Loans in each Loan Group:
 - (a) delinquent (exclusive of related Mortgage Loans in foreclosure):
 - 30 to 59 days,
 - 60 to 89 days and
 - 90 or more days, and
 - (b) in foreclosure and delinquent:
 - 30 to 59 days,
 - 60 to 89 days and
 - 90 or more days,
- in each case as of the close of business on the last day of the calendar month preceding the Distribution Date,
- (10) with respect to any Mortgage Loan in each Loan Group that became an REO Property during the preceding calendar month, the loan number and Stated Principal Balance for the Distribution Date of the Mortgage Loan and the date of acquisition thereof,
 - (11) whether a Fixed Rate Trigger Event or an Adjustable Rate Trigger Event is in effect,
 - (12) the total number and Stated Principal Balance of any REO Properties in each Loan Group as of the close of business on the Determination Date preceding the Distribution Date,
 - (13) any Net Rate Carryover paid and all remaining Net Rate Carryover remaining on each class of Certificates on the Distribution Date,
 - (14) the amounts, if any, due to the issuing entity, and the amounts received, in respect of the Corridor Contract for the Distribution Date,
 - (15) the amount of any Net Swap Payment and any Swap Termination Payment (a) payable to the Swap Counterparty with respect to such Distribution Date or (b) payable to the Swap Contract Administrator for the Distribution Date and allocated to the swap trust;
 - (16) the amount of Applied Realized Loss Amounts and Subsequent Recoveries, if any, applied to each class of Certificates for the Distribution Date,
 - (17) all payments made by the Master Servicer in respect of Compensating Interest for the Distribution Date,
 - (18) all amounts paid to the Class 1-AF Insurer in respect of any premiums payable with respect to the Class 1-AF Policy and in respect of the Reimbursement Amount for such Distribution Date, and
 - (19) the remaining coverage under the Pool Insurance Policy, by dollar amount.

The monthly statement is prepared by the Trustee based on information provided by the Master Servicer. The Trustee is not responsible for recomputing, recalculating or verifying the information provided to it by the Master Servicer and will be permitted to conclusively rely on any information provided to it by the Master Servicer.

The report to certificateholders may include additional or other information of a similar nature to that specified above.

The Trustee may, at its option, make the statements described above available to certificateholders on the Trustee's website (assistance in using the website service may be obtained by calling the Trustee's customer service desk at (800) 254-2826). In addition, within 60 days after the end of each calendar year, the Trustee will prepare and deliver to each certificateholder of record during the previous calendar year a statement containing information necessary to enable certificateholders to prepare their tax returns. The statements will not have been examined and reported upon by an independent public accountant.

Amendment

The Pooling and Servicing Agreement may be amended by the Depositor, the Master Servicer, the Sellers, the Trustee and the Co-Trustee, with the consent of the Class 1-AF Insurer (such consent not to be unreasonably withheld) and the NIM Insurer but without the consent of any of the certificateholders, for any of the purposes set forth under "*The Agreements — Amendment*" in the prospectus. In addition, the Pooling and Servicing Agreement may be amended by the Depositor, the Master Servicer, the Sellers, the Trustee, the Co-Trustee and the holders of a majority in interest of each class of Certificates affected thereby, with the consent of the Class 1-AF Insurer (such consent not to be unreasonably withheld), for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Pooling and Servicing Agreement or of modifying in any manner the rights of the certificateholders; provided, however, that no amendment may:

- (1) reduce in any manner the amount of, or delay the timing of, payments required to be distributed on any Certificate without the consent of the holder of the Certificate,
- (2) adversely affect in any material respect the interests of the holders of any class of Certificates in a manner other than as set forth in clause (1) above, without the consent of the holders of Certificates of the class evidencing, as to that class, Percentage Interests aggregating 66%, or
- (3) reduce the aforesaid percentage of aggregate outstanding principal amounts of Certificates of each class, the holders of which are required to consent to an amendment, without the consent of the holders of all Certificates of the class.

No amendment to the Pooling and Servicing Agreement may adversely affect in any material respect the Swap Counterparty without at least ten Business Days' prior notice to the Swap Counterparty and without the prior written consent of the Swap Counterparty, which consent may not be unreasonably withheld.

Voting Rights

As of any date of determination:

- the Class PF, Class PV, Class CF, Class CV and Class A-R Certificates will each be allocated 1% of all voting rights in respect of the Certificates (collectively, the "***Voting Rights***") (for a total of 5% of the Voting Rights), and
- the other classes of Certificates will be allocated the remaining Voting Rights in proportion to their respective outstanding Certificate Principal Balances.

Voting Rights will be allocated among the Certificates of each class in accordance with their respective Percentage Interests. However, on any date on which any Class 1-AF Certificates are outstanding or any amounts are owed the Class 1-AF Insurer under the Pooling and Servicing Agreement, the Class 1-AF Insurer will have all of the Voting Rights of the Class 1-AF Certificates unless the Class 1-AF Insurer fails to make a required payment under the Class 1-AF Policy, a proceeding in bankruptcy shall have been instituted by the Class 1-AF Insurer, or a decree or order for relief shall have been issued in respect of a proceeding in bankruptcy against the Class 1-AF Insurer and shall remain unstayed for a period of 60 consecutive days.

Optional Purchase of Defaulted Loans

As to any Mortgage Loan that is delinquent in payment by 150 days or more, the Master Servicer may, at its option but subject to certain conditions specified in the Pooling and Servicing Agreement, purchase the Mortgage Loan at a price equal to 100% of the Stated Principal Balance thereof plus accrued interest thereon at the applicable Net Mortgage Rate from the date through which interest was last paid by the related borrower or advanced to the first day of the month in which the amount is to be distributed to certificateholders. The Master Servicer must exercise this right, if at all, on or before the last day of the calendar month in which the related Mortgage Loan became 150 days delinquent.

Events of Default; Remedies

Events of Default will consist of:

- (1) any failure by the Master Servicer to deposit in the Certificate Account or the Distribution Account the required amounts or remit to the Trustee any payment (including an Advance required to be made under the terms of the Pooling and Servicing Agreement) which continues unremedied for five calendar days (or in the case of an Advance, one Business Day) after written notice of the failure shall have been given to the Master Servicer by the Trustee, the NIM Insurer or the Depositor, or to the Trustee, the NIM Insurer and the Master Servicer by the holders of Certificates evidencing not less than 25% of the Voting Rights,
- (2) any failure by the Master Servicer to observe or perform in any material respect any other of its covenants or agreements, or any breach of a representation or warranty made by the Master Servicer, in the Pooling and Servicing Agreement, which in each case continues unremedied for 60 days after the giving of written notice of the failure to the Master Servicer by the Trustee, the NIM Insurer or the Depositor, or to the Trustee by the holders of Certificates evidencing not less than 25% of the Voting Rights,
- (3) a decree or order of a court or agency or supervisory authority having jurisdiction in the premises for the appointment of a receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against the Master Servicer and the decree or order shall have remained in force undischarged or unstayed for a period of 60 consecutive days,
- (4) the Master Servicer shall consent to the appointment of a receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings of or relating to the Master Servicer or all or substantially all of the property of the Master Servicer,
- (5) the Master Servicer shall admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of, or commence a voluntary case under, any applicable insolvency or reorganization statute, make an assignment for the benefit of its creditors, or voluntarily suspend payment of its obligations, or
- (6) the Master Servicer shall fail to reimburse, in full, the Trustee not later than 6:00 p.m., New York City time, on the Business Day following the related Distribution Date for any Advance made by the Trustee together with accrued and unpaid interest.

So long as an Event of Default under the Pooling and Servicing Agreement remains unremedied, subject to the rights of the NIM Insurer, the Trustee shall, but only upon the receipt of instructions from the NIM Insurer or from holders of Certificates having not less than 25% of the Voting Rights (subject to the consent of the Class 1-AF Insurer, which consent shall not be unreasonably withheld) terminate all of the rights and obligations of the Master Servicer under the Pooling and Servicing Agreement and in and to the Mortgage Loans, whereupon the Trustee will succeed to all of the responsibilities and duties of the Master Servicer under the Pooling and Servicing Agreement, including the obligation to make Advances. Additionally, if the Master Servicer fails to provide certain information

or perform certain duties related to the Depositor's reporting obligations under the Exchange Act, with respect to the issuing entity, the Depositor, may, without the consent of any of the certificateholders, terminate the Master Servicer. We cannot assure you that termination of the rights and obligations of the Master Servicer under the Pooling and Servicing Agreement would not adversely affect the servicing of the Mortgage Loans, including the delinquency experience of the Mortgage Loans.

No certificateholder, solely by virtue of the holder's status as a certificateholder, will have any right under the Pooling and Servicing Agreement to institute any proceeding with respect thereto, unless the holder previously has given to the Trustee written notice of the continuation of an Event of Default and unless the holders of Certificates having not less than 25% of the Voting Rights have made a written request to the Trustee to institute the proceeding in its own name as Trustee thereunder and have offered to the Trustee reasonable indemnity and the Trustee for 60 days has neglected or refused to institute the proceeding and in which case the rights of the certificateholders shall be subject to the rights of the NIM Insurer.

Within 60 days after the occurrence of any Event of Default, the Trustee shall transmit by mail to all holders of the Certificates notice of each Event of Default known to the Trustee, except for any Event of Default that has been cured or waived.

Optional Termination

The Master Servicer will have the right to purchase all remaining Mortgage Loans and REO Properties in the issuing entity and thereby effect early retirement of all the Certificates, on any Distribution Date on or after the first Distribution Date on which the aggregate Stated Principal Balance of the Mortgage Loans and REO Properties in the issuing entity is less than or equal to 10% of the sum of the Initial Cut-off Date Pool Principal Balance and the original Pre-Funded Amount (the "**Optional Termination Date**"). The Master Servicer is an affiliate of the Sellers and the Depositor.

In the event the option is exercised by the Master Servicer, the purchase will be made at a price equal to the sum of:

- (1) 100% of the Stated Principal Balance of each Mortgage Loan in the issuing entity (other than in respect of REO Property) plus accrued interest thereon at the applicable Net Mortgage Rate, and
- (2) the appraised value of any REO Property (up to the Stated Principal Balance of the related Mortgage Loan) in the issuing entity;

provided, however, that (i) unless the NIM Insurer otherwise consents, the purchase price will in no event be less than an amount that would result in a final distribution on any NIM Insurer guaranteed notes that is sufficient (x) to pay the notes in full and (y) to pay any amounts due and payable to the NIM Insurer pursuant to the indenture related to the notes and (ii) unless the Class 1-AF Insurer otherwise consents, the purchase price will in no event be less than an amount that would result in a final distribution to the Class 1-AF Certificates and the Class 1-AF Insurer, respectively, that is sufficient (x) to pay the Class 1-AF Certificates in full and (y) to pay any amounts due and payable to the Class 1-AF Insurer pursuant to the Pooling and Servicing Agreement and the insurance and indemnity agreement relating to the Class 1-AF Policy.

The NIM Insurer may also have the right to purchase all remaining Mortgage Loans and REO Properties in the issuing entity at the price set forth above (plus any unreimbursed Servicing Advances, and the principal portion of any unreimbursed Advances, made on the Mortgage Loans prior to the exercise of the option), subject to the same restrictions. The identity of any NIM Insurer is not known as of the date of this prospectus supplement. It is possible that the NIM Insurer will be an affiliate of one of the Underwriters.

Notice of any termination, specifying the Distribution Date on which certificateholders may surrender their Certificates for payment of the final distribution and cancellation, will be given promptly by the Trustee by letter to certificateholders mailed not earlier than the 10th day and no later than the 15th day of the month immediately preceding the month of the final distribution. The notice will specify (a) the Distribution Date upon which final

distribution on the Certificates will be made upon presentation and surrender of the Certificates at the office therein designated, (b) the amount of the final distribution, (c) the location of the office or agency at which the presentation and surrender must be made, and (d) that the Record Date otherwise applicable to the Distribution Date is not applicable, distributions being made only upon presentation and surrender of the Certificates at the office therein specified.

In the event a notice of termination is given, the Master Servicer will cause all funds in the Certificate Account to be remitted to the Trustee for deposit in the Distribution Account on the Business Day prior to the applicable Distribution Date in an amount equal to the final distribution in respect of the Certificates. At or prior to the time of making the final payment on the Certificates, the Master Servicer as agent of the Trustee will sell all of the assets of the issuing entity to the Master Servicer or the NIM Insurer, as applicable, for cash. Proceeds from a purchase will be distributed to the certificateholders and the Class 1-AF Insurer in the priority described above under “— *Distributions*” and “— *Overcollateralization Provisions*” and will reflect the current Certificate Principal Balance and other entitlements of each class at the time of liquidation. As a result, if any Applied Realized Loss Amounts have been allocated to any class or classes of Certificates, any Unpaid Realized Loss Amounts would be paid in the order and priority set forth above under “— *Overcollateralization Provisions*.”

The proceeds from any sale in connection the exercise of the option may not be sufficient to distribute the full amount to which each class of Certificates is entitled if the purchase price is based in part on the appraised value of any REO Property and that appraised value is less than the Stated Principal Balance of the related Mortgage Loan. Any purchase of the Mortgage Loans and REO Properties will result in an early retirement of the Certificates. At the time of the making of the final payment on the Certificates, the Trustee shall distribute or credit, or cause to be distributed or credited, to the holder of the Class A-R Certificates all cash on hand related to the Class A-R Certificates, and the issuing entity will terminate at that time. Once the issuing entity has been terminated, certificateholders will not be entitled to receive any amounts that are recovered subsequent to the termination.

Certain Matters Regarding the Master Servicer, the Depositor, the Sellers and the NIM Insurer

The prospectus describes the indemnification to which the Master Servicer and the Depositor (and their respective directors, officers, employees and agents) are entitled and also describes the limitations on any liability of the Master Servicer and the Depositor (and their respective directors, officers, employees and agents) to the issuing entity. See “*The Agreements — Certain Matters Regarding the Master Servicer and the Depositor*” in the prospectus. The Pooling and Servicing Agreement provides that these same provisions regarding indemnification and exculpation apply to each Seller and any NIM Insurer.

The Trustee

The Bank of New York will be the Trustee under the Pooling and Servicing Agreement. The Bank of New York has been, and currently is, serving as indenture trustee and trustee for numerous securitization transactions and programs involving pools of residential mortgages. The Bank of New York has been providing trust services on securitization transactions for more than a decade and currently provides trust services for hundreds of securitization transactions. The Depositor and Countrywide Home Loans may maintain other banking relationships in the ordinary course of business with the Trustee. The Offered Certificates may be surrendered at the Corporate Trust Office of the Trustee located at 101 Barclay Street, New York, New York 10286, Attention: Corporate Trust MBS Administration or another address as the Trustee may designate from time to time.

The Trustee will be liable for its own grossly negligent action, its own grossly negligent failure to act or its own misconduct, its grossly negligent failure to perform its obligations in compliance with the Pooling and Servicing Agreement, or any liability that would be imposed by reason of its willful misfeasance or bad faith. However, the Trustee will not be liable, individually or as trustee,

- for an error of judgment made in good faith by a responsible officer of the Trustee, unless the Trustee was grossly negligent or acted in bad faith or with willful misfeasance,

- with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of the holders of each Class of Certificates evidencing not less than 25% of the Voting Rights of the Class 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 the Pooling and Servicing Agreement,
- for any action taken or suffered or omitted by it under the Pooling and Servicing Agreement in good faith and in accordance with an opinion of counsel, or
- for any loss on any investment of funds pursuant to the Pooling and Servicing Agreement (other than as issuer of the investment security).

The Trustee is also entitled to rely without further investigation 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.

The Trustee and any successor trustee will, at all times, be a corporation or association organized and doing business under the laws of a state or the United States of America, authorized under the laws of the United States of America to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000, subject to supervision or examination by federal or state authority and with a credit rating that would not cause any of the Rating Agencies to reduce their respective ratings of any Class of Certificates below the ratings issued on the Closing Date (or having provided security from time to time as is sufficient to avoid the reduction). If the Trustee no longer meets the foregoing requirements, the Trustee has agreed to resign immediately.

The Trustee may at any time resign by giving written notice of resignation to the Depositor, the Master Servicer, each Rating Agency and the certificateholders, not less than 60 days before the specified resignation date. The resignation shall not be effective until a successor trustee has been appointed. If a successor trustee has not been appointed within 30 days after the Trustee gives notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor trustee.

The Depositor, the NIM Insurer or the Master Servicer may remove the Trustee and appoint a successor trustee reasonably acceptable to the NIM Insurer if:

- the Trustee ceases to meet the eligibility requirements described above and fails to resign after written request to do so is delivered to the Trustee by the NIM Insurer or the Depositor,
- the Trustee becomes incapable of acting, or is adjudged as bankrupt or insolvent, or a receiver of the Trustee or of its property is appointed, or any public officer takes charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, or
- (iii)(A) a tax is imposed with respect to the issuing entity by any state in which the Trustee or the issuing entity is located, (B) the imposition of the tax would be avoided by the appointment of a different trustee and (C) the Trustee fails to indemnify the issuing entity against the tax.

In addition, the holders of Certificates evidencing at least 51% of the Voting Rights of each Class of Certificates may at any time remove the Trustee and appoint a successor trustee. In addition, if the Trustee fails to provide certain information or perform certain duties related to the Depositor's reporting obligations under the Exchange Act with respect to the issuing entity, the Depositor, may, without the consent of any of the certificateholders, terminate the Trustee. Notice of any removal of the Trustee shall be given to each Rating Agency by the successor Trustee.

Any resignation or removal of the Trustee and appointment of a successor trustee pursuant to any of the provisions described above will become effective upon acceptance of appointment by the successor trustee.

A successor trustee will not be appointed unless the successor trustee meets the eligibility requirements described above, is reasonably acceptable to the NIM Insurer and its appointment does not adversely affect the then-current ratings of the Certificates.

Co-Trustee

The Bank of New York Trust Company, N.A. will be the Co-Trustee under the Pooling and Servicing Agreement. The Bank of New York Trust Company, N.A. has significant experience in acting as a Co-Trustee in securitizations of mortgage loans in which its duties were comparable to those described in this prospectus supplement. The Depositor and Countrywide Home Loans may maintain other banking relationships in the ordinary course of business with the Co-Trustee.

The Co-Trustee will be liable for its own grossly negligent action, its own gross negligent failure to act or its own misconduct, its grossly negligent failure to perform its obligations in compliance with the Pooling and Servicing Agreement, or any liability that would be imposed by reason of its willful misfeasance or bad faith. However, the Co-Trustee will not be liable, individually or as trustee,

- for an error of judgment made in good faith by a responsible officer of the Co-Trustee, unless the Co-Trustee was grossly negligent or acted in bad faith or with willful misfeasance, or
- for any action taken or suffered or omitted by it under the Pooling and Servicing Agreement in good faith and in accordance with an opinion of counsel.

The Co-Trustee is also entitled to rely without further investigation 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.

The Co-Trustee and any successor trustee will, at all times, be a corporation or association organized and doing business under the laws of a state or the United States of America, authorized under the laws of the United States of America to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000, subject to supervision or examination by federal or state authority and with a credit rating that would not cause any of the Rating Agencies to reduce their respective ratings of any Class of Certificates below the ratings issued on the Closing Date (or having provided security from time to time as is sufficient to avoid the reduction). If the Co-Trustee no longer meets the foregoing requirements, the Co-Trustee has agreed to resign immediately.

The Co-Trustee may at any time resign by giving written notice of resignation to the Trustee, the Depositor and the Master Servicer, not less than 30 days before the specified resignation date. Upon the resignation, the Trustee may

- appoint a successor Co-Trustee meeting the requirements described in the prior paragraph and acceptable to the Master Servicer and the NIM Insurer or
- assume the rights and duties of the resigning Co-Trustee, subject to the approval of the Master Servicer.

Restrictions on Transfer of the Class A-R Certificates

The Class A-R Certificates will be subject to the restrictions on transfer described in the prospectus under "*Material Federal Income Tax Consequences — Taxation of Holders of Residual Interest Securities — Restrictions on Ownership and Transfer of Residual Interest Securities.*" The Class A-R Certificates (in addition to other ERISA restricted classes of Certificates, as described in the Pooling and Servicing Agreement), may not be acquired by a Plan or with assets of a Plan unless certain conditions are met. See "*ERISA Considerations*" in this prospectus supplement. Each Class A-R Certificate will contain a legend describing the foregoing restrictions.

Ownership of the Residual Certificates

On the Closing Date, the Class CF and Class CV Certificates will be acquired by CWIBH, Inc., an affiliate of the Depositor, the Sellers and the Master Servicer, and the Class A-R Certificates will be acquired by CW Securities Holdings, Inc., also an affiliate of the Depositor, the Sellers and the Master Servicer. On or after the Closing Date, CWIBH, Inc. is expected to cause a separate trust to be established to issue net interest margin securities secured by all or a portion of the Class CF and Class CV Certificates. Those net interest margin securities are expected to be sold to Sunfish Mortgage Fund Ltd., which is an affiliate of the Depositor, the Sellers and the Master Servicer. See “ — *Rights of the NIM Insurer Under the Pooling and Servicing Agreement*” in this prospectus supplement.

The Trustee will be initially designated as “tax matters person” under the Pooling and Servicing Agreement and in that capacity will hold a Class A-R Certificate in the amount of \$0.05. As the tax matters person, the Trustee will be the primary representative of the issuing entity with respect to any tax administrative or judicial matter. As trustee, the Trustee will be responsible for making a REMIC election with respect to each REMIC created under the Pooling and Servicing Agreement and for preparing and filing tax returns with respect to each REMIC.

Restrictions on Investment, Suitability Requirements

An investment in the Certificates may not be appropriate for all investors due to tax, ERISA or other legal requirements. Investors should review the disclosure included in this prospectus supplement and the prospectus under “*Material Federal Income Tax Consequences*,” “*ERISA Considerations*” and “*Legal Matters*” prior to any acquisition and are encouraged to consult with their advisors prior to purchasing the Certificates.

Rights of the NIM Insurer Under the Pooling and Servicing Agreement

After the Closing Date, a separate trust or trusts (or other form of entity) may be established to issue net interest margin securities secured by all or a portion of the Class PF, Class PV, Class CF and Class CV Certificates. Those net interest margin securities may or may not have the benefit of a financial guaranty insurance policy. The insurer or insurers (the “*NIM Insurer*”) that would issue a policy will be a third party beneficiary of the Pooling and Servicing Agreement and will have a number of rights under the Pooling and Servicing Agreement, which will include the following:

- the right to consent to the Master Servicer’s exercise of its discretion to waive assumption fees, late payment or other charges in connection with a Mortgage Loan or to arrange for the extension of due dates for payments due on a mortgage note for no more than 270 days, if the waivers or extensions relate to more than 5% of the Mortgage Loans;
- the right to direct the Trustee to terminate all of the rights and obligations of the Master Servicer under the Pooling and Servicing Agreement relating to the issuing entity and the assets of the issuing entity following the occurrence of an event of default under the Pooling and Servicing Agreement;
- the right to approve or reject the appointment of any successor servicer other than the Trustee, if the Master Servicer is required to be replaced and the Trustee is unwilling or unable to act as successor servicer;
- the right to consent to any amendment to the Pooling and Servicing Agreement; and
- each of the rights under “*Risk Factors—Rights of the NIM Insurer Limit Your Control and NIM Insurer Actions May Negatively Affect You*” in this prospectus supplement.

You should note the rights that the NIM Insurer would have and carefully evaluate its potential impact on your investment.

YIELD, PREPAYMENT AND MATURITY CONSIDERATIONS

General

The weighted average life of, and the yield to maturity on, each class of interest-bearing certificates generally will be directly related to the rate of payment of principal (including prepayments) of the Mortgage Loans in the related Loan Group. The actual rate of principal prepayments on the mortgage loans is influenced by a variety of economic, tax, geographic, demographic, social, legal and other factors and has fluctuated considerably in recent years. In addition, the rate of principal prepayments may differ among pools of mortgage loans at any time because of specific factors relating to the mortgage loans in the particular pool, including, among other things, the age of the mortgage loans, the geographic locations of the properties securing the loans, the extent of the borrower's equity in the properties, and changes in the borrowers' housing needs, job transfers and employment status. Furthermore, as described under "*The Mortgage Pool — Assignment of the Mortgage Loans*" with respect to up to 50% of the Initial Mortgage Loans in each Loan Group and 90% of the Subsequent Mortgage Loans in each Loan Group (the "**Delay Delivery Mortgage Loans**"), the Depositor may deliver the related Mortgage Files after the Closing Date. Should a Seller fail to deliver to the Depositor or other designee of the Depositor all or a portion of the Mortgage Files relating to Mortgage Loans sold by it, or, at the Depositor's direction, to the Co-Trustee within the time periods described under "*The Mortgage Pool — Assignment of the Mortgage Loans*" Countrywide Home Loans will be required to use its best efforts to deliver a Substitute Mortgage Loan for the related Delay Delivery Mortgage Loan or repurchase the related Delay Delivery Mortgage Loan. Any repurchases pursuant to this provision would also have the effect of accelerating the rate of prepayments on the Mortgage Loans. In addition, no less than approximately 83.66%, 69.28% and 76.08% of the Mortgage Loans in the Statistical Calculation Pool in respect of Loan Group 1, Loan Group 2 and Loan Group 3, respectively, in each case by Stated Principal Balance of the Mortgage Loans in the Statistical Calculation Pool in respect of the related Loan Group, require the payment of a prepayment charge in connection with certain prepayments, generally no later than the first five years following origination of the related Mortgage Loan. These charges, if enforced by the Master Servicer, may affect the rate of prepayments on the Mortgage Loans.

In addition, no less than approximately 7.56%, 8.33% and 35.02% of the Mortgage Loans in the Statistical Calculation Pool in respect of Loan Group 1, Loan Group 2 and Loan Group 3, respectively, in each case by Stated Principal Balance of the Mortgage Loans in the Statistical Calculation Pool in respect of the related Loan Group provide for only payments of interest and do not provide for any payments of principal for an extended period following their origination. These Mortgage Loans may involve a greater degree of risk because, if the related borrower defaults, the outstanding principal balance of the Mortgage Loans will be higher than for amortizing Mortgage Loans. During their interest only periods, these Mortgage Loans may be less likely to prepay as the interest only feature may reduce the perceived benefits of refinancing due to the smaller monthly payment. However, as an interest only mortgage loan approaches the end of its interest only period, it may be more likely to be prepaid, even if market interest rates at the time are only slightly higher or lower than the interest rate on the interest only mortgage loans as the related borrowers seek to avoid increases in their respective monthly mortgage payment.

The timing of changes in the rate of prepayments may significantly affect the actual yield to investors who purchase the Certificates at prices other than par, even if the average rate of principal prepayments is consistent with the expectations of investors. In general, the earlier the payment of principal of the Mortgage Loans the greater the effect on an investor's yield to maturity. As a result, the effect on an investor's yield of principal prepayments occurring at a rate higher (or lower) than the rate anticipated by the investor during the period immediately following the issuance of the Certificates may not be offset by a subsequent like reduction (or increase) in the rate of principal prepayments. Investors must make their own decisions as to the appropriate prepayment assumptions to be used in deciding whether to purchase any of the Certificates. The Depositor does not make any representations or warranties as to the rate of prepayment or the factors to be considered in connection with these determinations.

The Class 1-AF-6 Certificates will not be entitled to distributions of principal until the Distribution Date in August 2009 (except as otherwise described in this prospectus supplement). Thereafter, the relative entitlement of the Class 1-AF-6 Certificates to payments in respect of principal is subject to increase in accordance with the calculation of the NAS Principal Distribution Amount. See "*Description of the Certificates — Distributions*" in this prospectus supplement.

Prepayments and Yields for the Offered Certificates

The extent to which the yield to maturity of the Certificates may vary from the anticipated yield will depend upon the degree to which it is purchased at a discount or premium and, correspondingly, the degree to which the timing of payments thereon is sensitive to prepayments, liquidations and purchases of the Mortgage Loans in the related Loan Group. In particular, in the case of an Certificate purchased at a discount, an investor should consider the risk that a slower than anticipated rate of principal payments, liquidations and purchases of the applicable Mortgage Loans could result in an actual yield to the investor that is lower than the anticipated yield and, in the case of an Offered Certificate purchased at a premium, the risk that a faster than anticipated rate of principal payments, liquidations and purchases of the Mortgage Loans could result in an actual yield to the investor that is lower than the anticipated yield.

In general with respect to fixed rate mortgage loans, if prevailing interest rates fall significantly below the interest rates on fixed rate mortgage loans, these mortgage loans are likely to be subject to higher prepayment rates than if prevailing rates remain at or above the interest rates on these mortgage loans. Conversely, if prevailing interest rates rise appreciably above the interest rates on fixed rate mortgage loans, the fixed rate mortgage loans are likely to experience a lower prepayment rate than if prevailing rates remain at or below the interest rates on these mortgage loans. In the event that Fixed Rate Mortgage Loans in any Loan Group with higher Mortgage Rates prepay at rates higher than other Mortgage Loans in that Loan Group, the applicable Net Rate Cap may be lower than otherwise would be the case. As a result, the interest payable on the related Certificates on a Distribution Date could be reduced because of the imposition of the applicable Net Rate Cap. We cannot give any assurance as to the level of prepayment that the Fixed Rate Mortgage Loans will experience.

As is the case with fixed rate mortgage loans, adjustable rate mortgage loans may be subject to a greater rate of principal prepayments in a declining interest rate environment. For example, if prevailing interest rates fall significantly, adjustable rate mortgage loans could be subject to higher prepayment rates than if prevailing interest rates remain constant because the availability of fixed rate mortgage loans at lower interest rates may encourage borrowers to refinance their adjustable rate mortgage loans to a lower fixed interest rate. Prepayments on the Hybrid Mortgage Loans may differ as they approach their respective initial Adjustment Dates, and prepayments on Mortgage Loans with interest-only terms may differ as they approach the ends of their interest-only periods. In the event that Adjustable Rate Mortgage Loans in Loan Group 2 and Loan Group 3 with higher Gross Margins prepay at rates higher than other Mortgage Loans in Loan Group 2 and Loan Group 3, the applicable Net Rate Cap may be lower than otherwise would be the case. We can give no assurance as to the level of prepayment that the Adjustable Rate Mortgage Loans will experience.

Although the Mortgage Rates on the Adjustable Rate Mortgage Loans are subject to adjustment, the Mortgage Rates adjust less frequently than the Pass-Through Rates on the Class AV Certificates and the Adjustable Rate Subordinate Certificates and adjust by reference to the Mortgage Index. Changes in One-Month LIBOR may not correlate with changes in the Mortgage Index and also may not correlate with prevailing interest rates. It is possible that an increased level of One-Month LIBOR could occur simultaneously with a lower level of prevailing interest rates which would be expected to result in faster prepayments, thereby reducing the weighted average lives of the related Certificates. The Mortgage Rate applicable to all or substantially all of the Adjustable Rate Mortgage Loans and any Adjustment Date will be based on the Mortgage Index value most recently announced generally as of a date 45 days prior to the Adjustment Date. Thus, if the Mortgage Index value with respect to an Adjustable Rate Mortgage Loan rises, the lag in time before the corresponding Mortgage Rate increases will, all other things being equal, slow the upward adjustment of the applicable Net Rate Cap. In addition, it is expected that a substantial portion of the Adjustable Rate Mortgage Loans will have Mortgage Rates which will not adjust for a substantial period of time after origination. See *"The Mortgage Pool"* in this prospectus supplement.

The portion of any proceeds of the Corridor Contract that will be payable to the issuing entity under the Corridor Contract Administration Agreement are intended to provide the Class 1-AF-1 Certificates with some protection against any Net Rate Carryover. However, the portion of the payments that will be allocated to the issuing entity in respect of the Corridor Contract will be based on the lesser of the Corridor Contract Notional Balance and the Certificate Principal Balance of the Class 1-AF-1 Certificates, and not on the actual Stated Principal Balances of the Mortgage Loans. Therefore, the Corridor Contract may not provide sufficient funds to cover any Net Rate Carryover. In addition, payments under the Corridor Contract are limited to a corridor of specified rates,

which is substantially higher than the rate of One-Month LIBOR as of the date of this prospectus supplement and are only available to the Class 1-AF-1 Certificates to the extent described under “*Description of the Certificates — The Corridor Contract*” above.

Although amounts allocated to the issuing entity in respect of the Corridor Contract will be available to pay Net Rate Carryover on the Class 1-AF-1 Certificates to the extent described under “*Description of the Certificates — Distributions — Distributions of Funds from the Corridor Contract*” above, on or prior to the Corridor Contract Termination Date, we cannot assure you that funds will be available or sufficient to pay these amounts. The ratings assigned to the Offered Certificates do not address the likelihood of the payment of Net Rate Carryover.

The portion of any proceeds of the Swap Contract that will be payable to the swap trust under the Swap Contract Administration Agreement are intended to provide amounts to the Swap Certificates to cover any unpaid Current Interest, Interest Carry Forward Amounts, Net Rate Carryover and Unpaid Realized Loss Amounts and to restore or maintain overcollateralization. However, any Net Swap Payment payable by the Swap Contract Counterparty will be based on the lesser of the applicable Swap Contract Notional Balance and the aggregate Certificate Principal Balance of the Swap Certificates, and not on the actual Stated Principal Balances of the Mortgage Loans in Loan Group 2 and Loan Group 3. Therefore, the Swap Contract may not provide sufficient funds to cover any unpaid Current Interest, Interest Carry Forward Amounts, Net Rate Carryover and Unpaid Realized Loss Amounts with respect to the Swap Certificates and to restore or maintain overcollateralization for those Certificates. See “*Description of the Certificates — The Swap Contract*” above.

Although amounts allocated to the swap trust in respect of the Swap Contract will be available to cover any unpaid Current Interest, Interest Carry Forward Amounts, Net Rate Carryover and Unpaid Realized Loss Amounts with respect to the Swap Certificates and to restore or maintain overcollateralization for those Certificates to the extent described under “*Description of the Certificates — The Swap Contract*” above, on or prior to the Swap Contract Termination Date, there is no assurance that funds will be available or sufficient to pay such amounts.

In addition, for so long as one-month LIBOR is less than 5.650% (or, in cases where the accrual period for the floating rate payment payable by the swap counterparty is not 30 days, 5.650% multiplied by a fraction, the numerator of which is 30 and the denominator of which is the actual number of days in that accrual period), the issuing entity will be required to cover Net Swap Payments due to the Swap Counterparty, thereby reducing the amount of available funds with respect to Loan Group 2 and Loan Group 3 that are available to make distributions on the Swap Certificates. In addition, any Swap Termination Payment payable to the Swap Counterparty (other than a Swap Termination Payment resulting from a Swap Counterparty Trigger Event) in the event of early termination of the Swap Contract will reduce amounts available for distribution to holders of the Swap Certificates. As of July 27, 2006, One-Month LIBOR is 5.40000%.

The effective yield to the holders of the Fixed Rate Certificates will be lower than the yield otherwise produced by the applicable rate at which interest is passed through to these holders and the purchase price of the Certificates because monthly distributions will not be payable to the holders until the 25th day (or, if the 25th day is not a Business Day, the following Business Day) of the month following the month in which interest accrues on the related Mortgage Loans (without any additional distribution of interest or earnings thereon in respect of the delay).

Last Scheduled Distribution Date

Assuming that, among other things,

- no prepayments are received on the Mortgage Loans,
- scheduled monthly payments of principal of and interest on each of the Mortgage Loans are timely received, and
- funds on deposit in the Final Maturity Reserve Funds are sufficient to retire the Offered Certificates on the Distribution Date in January 2037,

the Distribution Date (the “***Last Scheduled Distribution Date***”) that occurs six months (in the case of the Class 1-AF-1, Class 1-AF-2, Class 1-AF-3, Class 1-AF-4, Class 3-AV-1 and Class 3-AV-2 Certificates) or zero months (in the case of all other classes of Offered Certificates) following the Distribution Date on which the Certificate Principal Balance of the applicable class of Certificates would be reduced to zero is:

Class of Certificates	Distribution Date
Class 1-AF-1	February 2026
Class 1-AF-2	May 2028
Class 1-AF-3	May 2033
Class 1-AF-4	January 2036
Class 1-AF-5	January 2037
Class 1-AF-6	January 2037
Class 2-AV	January 2037
Class 3-AV-1	November 2028
Class 3-AV-2	July 2036
Class 3-AV-3	January 2037
Class MV-1	January 2037
Class MV-2	January 2037
Class MV-3	January 2037
Class MV-4	January 2037
Class MV-5	January 2037
Class MV-6	January 2037
Class MV-7	January 2037
Class MV-8	January 2037
Class BV	January 2037
Class A-R	August 2006

The actual final Distribution Date with respect to each class of these Certificates could occur significantly earlier than its Last Scheduled Distribution Date because:

- prepayments are likely to occur which will be applied to the payment of the Certificate Principal Balances thereof, and
- the Master Servicer may purchase all the Mortgage Loans in the issuing entity when the aggregate Stated Principal Balance of the Mortgage Loans and REO Properties in the issuing entity is less than or equal to 10% of the sum of the Initial Cut-off Date Pool Principal Balance and the original Pre-Funded Amount.

Amounts deposited in the Final Maturity Reserve Funds will be used to retire the Offered Certificates on the Distribution Date in January 2037, even though the outstanding principal balance of the Mortgage Loans having 40-year original terms to maturity may not have been reduced to zero on that Distribution Date. Since the rate of distributions in reduction of the Certificate Principal Balance of each class of Offered Certificates will depend on the rate of payment (including prepayments) of the related Mortgage Loans, the Certificate Principal Balance of any class could be reduced to zero significantly earlier or later than the applicable Last Scheduled Distribution Date.

Prepayment Model

Prepayments on mortgage loans are commonly measured relative to a prepayment model or standard. The prepayment models used in this prospectus supplement (“***Prepayment Models***”) are based on an assumed rate of prepayment each month of the then unpaid principal balance of a pool of mortgage loans similar to the Mortgage Loans in each Loan Group. For the Fixed Rate Mortgage Loans, the Prepayment Model used in this prospectus supplement (the “***Fixed Rate Prepayment Vector***” or “***FRPV***”) is a prepayment assumption which represents an assumed rate of prepayment each month relative to the then outstanding principal balance of a pool of mortgage loans for the life of the mortgage loans. For example, a 100% FRPV assumes a constant prepayment rate (“***CPR***”) of 2.0% per annum of the then outstanding principal balance of the Fixed Rate Mortgage Loans in the first month of

the life of the Mortgage Loans and an additional 2.0% per annum (i.e., 1/10 of the final per annum rate) in each month thereafter up to and including the tenth month. Beginning in the eleventh month and in each month thereafter during the life of the Fixed Rate Mortgage Loans, a 100% FRPV assumes a CPR of 20% per annum; provided, however, the prepayment rate will not exceed 85% CPR in any period for any given percentage of FRPV.

For the Adjustable Rate Mortgage Loans, the Prepayment Model used in this prospectus supplement (“**Adjustable Rate Prepayment Vector**” or “**ARPV**”) represents an assumed rate of prepayment each month relative to the then outstanding principal balance of a pool of mortgage loans for the life of the mortgage loans. 100% ARPV assumes 6% CPR in month 1, an additional 1/11th of 24% CPR for each month thereafter, increasing to 30% CPR in month 12 and remaining constant at 30% CPR through month 24, increasing to and remaining constant at 50% CPR from month 25 until month 29, decreasing 1/4th of 20% CPR for each month thereafter, decreasing to 30% CPR in month 33 and remaining constant at 30% CPR for month 34 and thereafter; provided, however, the prepayment rate will not exceed 85% CPR in any period for any given percentage of ARPV. As used in the tables, 100% of the applicable Prepayment Model means 100% FRPV or 100% ARPV, as the case may be.

We cannot assure you, however, that prepayments on the Mortgage Loans will conform to any level of the Prepayment Model, and no representation is made that the Mortgage Loans will prepay at the prepayment rates shown or any other prepayment rate. The rate of principal payments on mortgage loans is influenced by a variety of economic, geographic, social and other factors, including the level of interest rates. Other factors affecting prepayment of mortgage loans include changes in obligors’ housing needs, job transfers and unemployment. In the case of mortgage loans in general, if prevailing interest rates fall significantly below the interest rates on the mortgage loans, the mortgage loans are likely to be subject to higher prepayment rates than if prevailing interest rates remain at or above the rates borne by the mortgage loans. Conversely, if prevailing interest rates rise above the interest on the mortgage loans, the rate of prepayment would be expected to decrease.

Decrement Tables; Weighted Average Lives

The tables below set forth the percentages of the initial Certificate Principal Balance of each class of Offered Certificates (other than the Class A-R Certificates) that will be outstanding as of the twelfth Distribution Date and every twelfth Distribution Date thereafter at the respective percentages of the Prepayment Model. Those percentages have been rounded to the nearest whole percentages, and an asterisk (*) indicates a percentage less than 0.5% and greater than 0%. In addition, the tables below set forth the weighted average lives of each class of Offered Certificates (other than the Class A-R Certificates) to maturity and to optional termination at the respective percentages of the Prepayment Model. Each weighted average life of any class of Certificates presented below is determined by (a) multiplying the amount of each principal payment by the number of years from the date of issuance to the related Distribution Date, (b) adding the results, and (c) dividing the sum by the initial respective Certificate Principal Balance for that class of Certificates.

The following tables have been prepared on the basis of the following assumptions (collectively, the “**Modeling Assumptions**”):

- (1) the Mortgage Loans prepay at the indicated percentage of the related Prepayment Model,
- (2) distributions on the Certificates are received, in cash, on the 25th day of each month, commencing in August 2006, in accordance with the payment priorities defined in this prospectus supplement,
- (3) no defaults or delinquencies in, or modifications, waivers or amendments respecting, the payment by the borrowers of principal and interest on the Mortgage Loans occur,
- (4) Scheduled Payments are assumed to be received on the first day of each month commencing in August 2006, and prepayments represent payment in full of individual Mortgage Loans and are assumed to be received on the last day of each month, commencing in July 2006, and include 30 days’ interest thereon,

(5) the level of the Mortgage Index remains constant at 5.590% per annum, and the level of One-Month LIBOR remains constant at 5.390% per annum,

(6) the Pass-Through Margins or fixed rates for the Certificates remain constant at the rates applicable on or prior to the Optional Termination Date and the Pass-Through Margins or fixed rates for those Certificates are adjusted accordingly on any Distribution Date after the Optional Termination Date,

(7) the Certificates are issued on July 28, 2006,

(8) the Mortgage Rate for each Adjustable Rate Mortgage Loan is adjusted on its next Adjustment Date (and on subsequent Adjustment Dates, if necessary) to equal the sum of

(a) the assumed level of the Mortgage Index, and

(b) the respective Gross Margin (which sum is subject to the applicable periodic adjustment caps and floors and the applicable lifetime adjustment caps and floors),

(9) except as indicated with respect to the weighted average lives to maturity, the optional termination is exercised on the Optional Termination Date,

(10) the scheduled monthly payment for each Mortgage Loan, except for the interest-only Mortgage Loans during their respective interest-only periods, is calculated based on its principal balance, mortgage rate and remaining amortization term so that each Mortgage Loan will amortize in amounts sufficient to repay the remaining principal balance of the Mortgage Loan over the remaining term to maturity (except in the case of balloon loans), as indicated in the table below,

(11) any Mortgage Loan with a remaining interest-only term greater than zero does not amortize during the remaining interest-only term, and at the end of the remaining interest-only term, will amortize in amounts sufficient to repay the current balance of any Mortgage Loan over the remaining term to maturity calculated at the expiration of the remaining interest-only term based on the applicable amortization method,

(12) scheduled monthly payments on each Adjustable Rate Mortgage Loan will be adjusted in the month immediately following each related interest adjustment date (as necessary) for the Mortgage Loan to equal the fully amortizing payment described above,

(13) the scheduled amortization for all Mortgage Loans is based upon their respective gross interest rates and the interest rate on each Fixed Rate Credit Comeback Loan will be deemed to be reduced by 0.375% on the Due Date following the end of each of the first four annual periods after the origination date, irrespective of whether the borrower qualifies for the reduction by having a good payment history,

(14) all of the Pre-Funded Amount, if any, is used to purchase Subsequent Mortgage Loans for inclusion on the Closing Date,

(15) there will be no amounts deposited in either Final Maturity Reserve Fund on the Closing Date or on any Distribution Date thereafter, and

(16) each Loan Group consists of Mortgage Loans having the approximate characteristics described below:

Loan Group 1 Mortgage Loans

Principal Balance (\$)	Adjusted Net Mortgage Rate (%) (1)	Mortgage Rate (%) (2)	Remaining Amortization Term (months)	Remaining Term to Maturity (months)	Original Interest- Only Term (months)	Age (months)	Credit Comeback Feature
2,316,089.25	7.477127	7.986127	180	180	N/A	0	No
383,171.12	7.709604	8.218604	179	179	N/A	1	Yes
174,726.34(3)	6.741000	7.250000	180	180	N/A	0	No
69,978.01	6.741000	7.250000	180	180	N/A	0	No
64,729.66	6.741000	7.250000	180	180	N/A	0	No
116,918.43	7.759053	8.268053	179	179	N/A	1	No
265,701.71	7.009440	7.518440	179	179	N/A	1	No
2,838,875.29	6.591249	7.100249	179	179	N/A	1	No
987,641.71	7.926484	8.435484	179	179	N/A	1	Yes
104,967.01(3)	7.441000	7.950000	180	180	N/A	0	No
102,342.84	7.241000	7.750000	180	180	N/A	0	Yes
34,989.00	8.991000	9.500000	180	180	N/A	0	No
196,813.15	6.491000	7.000000	360	180	N/A	0	No
34,913.00	10.991000	11.500000	238	238	N/A	2	No
69,453.17(3)	8.741000	9.250000	240	240	N/A	0	No
45,286.16	8.441000	8.950000	239	239	N/A	1	No
163,278.19	6.991000	7.500000	239	239	N/A	1	No
47,328,142.02	7.844547	8.353547	359	359	N/A	1	No
9,190,778.20	8.316696	8.825696	359	359	N/A	1	Yes
361,261.47(3)	9.565818	10.074818	360	360	N/A	0	Yes
17,838,465.99	6.978383	7.487383	359	359	N/A	0	No
3,903,611.27	7.722224	8.231224	360	360	N/A	0	Yes
81,349.44(3)	8.991000	9.500000	360	360	N/A	0	No
109,165.69	7.141000	7.650000	360	360	N/A	0	No
365,895.05	8.450658	8.959658	359	359	N/A	1	No
65,265.93	11.341000	11.850000	357	357	N/A	3	No
6,919,728.91	7.207250	7.716250	359	359	N/A	1	No
565,578.28	8.121811	8.630811	360	360	N/A	0	Yes
548,978.60	7.594475	8.103475	359	359	N/A	1	No
228,781.42	7.481000	7.990000	358	358	N/A	2	No
165,323.05	8.366000	8.875000	360	360	N/A	0	Yes
279,163.39	8.440497	8.949497	360	360	N/A	0	No
61,189.25	7.441000	7.950000	359	359	N/A	1	No
219,330.12	10.705581	11.214581	359	359	N/A	1	No
25,888,355.51	7.019824	7.528824	359	359	N/A	1	No
3,609,770.72	7.584294	8.093294	359	359	N/A	1	Yes
71,377.57	8.481000	8.990000	360	360	N/A	0	No
132,160.28	6.991000	7.500000	359	359	N/A	1	No
818,012.29	7.486589	7.995589	359	359	N/A	1	No
547,140.56	7.233806	7.742806	360	360	N/A	0	Yes
565,229.30	6.471411	6.980411	360	360	N/A	0	No
2,946,544.95	8.842723	9.351723	360	360	N/A	0	No
391,669.54	8.541123	9.050123	359	359	N/A	1	Yes
2,628,994.46	7.715285	8.224285	359	359	N/A	1	No
785,174.74	7.837324	8.346324	360	360	N/A	0	Yes
1,889,309.12	8.003321	8.512321	359	359	N/A	1	No
843,332.40	7.344996	7.853996	359	359	N/A	1	No
117,988.19	6.341000	6.850000	359	359	N/A	1	No
140,130.96	7.481000	7.990000	360	360	N/A	0	No
173,374.30	7.567390	8.076390	358	358	N/A	2	No
5,359,867.72	6.982325	7.491325	359	359	N/A	1	No
541,802.41	7.448499	7.957499	360	360	N/A	0	Yes
221,646.42	7.923358	8.432358	359	359	N/A	1	No
109,165.69	8.866000	9.375000	360	360	N/A	0	Yes
120,627,379.75	6.552387	7.061387	359	359	N/A	1	No
42,838,941.13	7.595148	8.104148	360	360	N/A	0	Yes
829,589.30(3)	6.838849	7.347849	360	360	N/A	0	No
392,095.53	7.747107	8.256107	358	358	N/A	0	No
137,608.48	9.835119	10.344119	359	359	N/A	1	Yes
99,634.89	6.366000	6.875000	359	359	N/A	1	No
1,810,673.09	7.813664	8.322664	360	360	N/A	0	No
577,523.58	8.537496	9.046496	360	360	N/A	0	Yes

Principal Balance (\$)	Adjusted Net Mortgage Rate (%) (1)	Mortgage Rate (%) (2)	Remaining Amortization Term (months)	Remaining Term to Maturity (months)	Original Interest- Only Term (months)	Age (months)	Credit Comeback Feature
8,367,614.29	6.655136	7.164136	359	359	N/A	1	No
1,077,158.95	8.526427	9.035427	360	360	N/A	0	Yes
1,106,645.86	7.380530	7.889530	360	360	N/A	0	No
1,117,653.57	8.650469	9.159469	360	360	N/A	0	Yes
4,474,236.47	7.205612	7.714612	300	360	60	0	No
2,059,382.84	7.303180	7.812180	300	360	60	0	No
181,942.82	6.741000	7.250000	300	357	60	3	No
776,755.90	7.228500	7.737500	300	360	60	0	No
4,665,027.25	6.936594	7.445594	300	359	60	1	No
265,041.71	7.051644	7.560644	300	358	60	2	No
278,818.63	7.891000	8.400000	300	359	60	1	No
299,155.99	6.616000	7.125000	300	360	60	0	No
20,319,228.34	6.527917	7.036917	300	360	60	0	No
88,347.24(3)	6.491000	7.000000	300	360	60	0	No
364,979.06	6.595374	7.104374	300	360	60	0	No
236,175.78	6.366000	6.875000	300	359	60	1	No
7,814,529.85	8.096621	8.605621	477	477	N/A	1	No
1,370,062.39	7.485883	7.994883	479	479	N/A	1	Yes
3,158,517.39	6.963549	7.472549	479	479	N/A	0	No
1,888,791.32	7.824126	8.333126	480	480	N/A	0	Yes
195,202.73	8.991000	9.500000	479	479	N/A	1	No
164,448.32	10.916000	11.425000	480	480	N/A	0	No
1,709,319.46	8.707835	9.216835	479	479	N/A	1	No
696,274.20	7.341880	7.850880	480	480	N/A	0	Yes
98,843.94	8.041000	8.550000	480	480	N/A	0	No
159,915.95	7.991000	8.500000	472	472	N/A	1	Yes
454,695.57	6.741000	7.250000	479	479	N/A	1	No
361,261.47	7.366000	7.875000	480	480	N/A	0	Yes
8,063,707.70	7.063131	7.572131	479	479	N/A	1	No
2,854,775.67	7.268486	7.777486	480	480	N/A	0	Yes
87,451.48	8.091000	8.600000	479	479	N/A	1	No
178,443.92	8.116000	8.625000	480	480	N/A	0	Yes
213,971.45	8.824810	9.333810	478	478	N/A	2	No
624,936.85	8.289443	8.798443	479	479	N/A	1	No
743,468.21	7.944096	8.453096	480	480	N/A	0	No
267,665.89	6.891000	7.400000	480	480	N/A	0	No
2,297,487.99	6.803984	7.312984	478	478	N/A	1	No
180,358.48	7.366000	7.875000	479	479	N/A	1	Yes
37,749,746.68	6.549703	7.058703	480	480	N/A	0	No
18,818,561.69	7.367917	7.876917	480	480	N/A	0	Yes
725,175.17	7.937922	8.446922	479	479	N/A	1	No
1,640,736.58	6.756713	7.265713	480	480	N/A	0	No
197,894.60	8.241000	8.750000	463	463	N/A	2	Yes
212,558.20	7.591000	8.100000	480	480	N/A	0	No
96,657.13	10.241000	10.750000	480	480	N/A	0	No

- (1) In the above table, the Adjusted Net Mortgage Rate percentages that include Fixed Rate Credit Comeback Loans have been calculated without subtracting any Credit Comeback Excess Amounts. However, for purposes of actual payments to be made on the Certificates, including the calculation of each applicable Net Rate Cap as well as other Mortgage Rate calculations, the Mortgage Rate for each Fixed Rate Credit Comeback Loan will be deemed to be reduced by 0.375% on the Due Date following the end of each of the first four annual periods after the origination date, irrespective of whether the borrower qualifies for the reduction by having a good payment history.
- (2) In the above table, the Mortgage Rate percentages that include Fixed Rate Credit Comeback Loans have been calculated without subtracting any Credit Comeback Excess Amounts. However, for purposes of actual payments to be made on the Certificates, including the calculation of each applicable Net Rate Cap as well as other Mortgage Rate calculations, the Mortgage Rate for each Fixed Rate Credit Comeback Loan will be deemed to be reduced by 0.375% on the Due Date following the end of each of the first four annual periods after the origination date, irrespective of whether the borrower qualifies for the reduction by having a good payment history.
- (3) Indicates Mortgage Loans with respect to which the first Due Date occurs on September 1, 2006 and with respect to which a scheduled payment of interest would be advanced for such Mortgage Loans at the related Adjusted Net Mortgage Rate with respect to the August 2006 Distribution Date.

Loan Group 2 Fixed Rate Mortgage Loans

Principal Balance (\$)	Adjusted Net Mortgage Rate (%) (1)	Mortgage Rate (%) (2)	Remaining Amortization Term (months)	Remaining Term to Maturity (months)	Original Interest- Only Term (months)	Age (months)	Credit Comeback Feature
1,422,067.38	7.575822	8.084822	178	178	N/A	2	No
335,880.16	7.616000	8.125000	177	177	N/A	3	Yes
231,075.42	5.991000	6.500000	178	178	N/A	2	No
379,505.77	7.301070	7.810070	179	179	N/A	1	No
1,494,748.77	7.224529	7.733529	179	179	N/A	1	No
83,570.69	8.616000	9.125000	177	177	N/A	3	Yes
126,064.06	7.741000	8.250000	179	179	N/A	1	Yes
362,185.65	6.539990	7.048990	180	180	N/A	0	No
117,991.70	9.366000	9.875000	180	180	N/A	0	No
176,198.86	10.683986	11.192986	239	239	N/A	1	No
255,367.76	6.691000	7.200000	240	240	N/A	0	No
42,804,673.19	7.660863	8.169863	358	358	N/A	2	No
5,701,601.08	8.040062	8.549062	358	358	N/A	2	Yes
10,854,856.85	7.102444	7.611444	358	358	N/A	2	No
2,672,940.93	8.239654	8.748654	359	359	N/A	1	Yes
242,095.31	6.241000	6.750000	357	357	N/A	3	No
3,444,597.82	7.622977	8.131977	357	357	N/A	2	No
290,916.80	7.991000	8.500000	358	358	N/A	2	Yes
324,464.10	6.641000	7.150000	358	358	N/A	2	No
778,809.14	7.465935	7.974935	359	359	N/A	1	No
344,994.26	6.741000	7.250000	360	360	N/A	0	No
1,987,843.65	8.245924	8.754924	357	357	N/A	2	No
604,045.46	8.466645	8.975645	358	358	N/A	2	No
32,945,510.96	7.177925	7.686925	359	359	N/A	1	No
2,840,065.39	7.819416	8.328416	358	358	N/A	2	Yes
716,709.82	6.853357	7.362357	358	358	N/A	2	No
834,584.83	8.278259	8.787259	358	358	N/A	2	No
435,190.89	8.457464	8.966464	359	359	N/A	1	Yes
409,768.33	8.031436	8.540436	360	360	N/A	0	No
2,121,225.57	6.919709	7.428709	359	359	N/A	1	No
3,323,317.93	8.090299	8.599299	358	358	N/A	2	No
2,842,425.93	6.735659	7.244659	359	359	N/A	1	No
2,838,025.33	7.541587	8.050587	359	359	N/A	1	No
1,007,117.00	7.438023	7.947023	358	358	N/A	2	No
291,139.39	7.564397	8.073397	358	358	N/A	2	No
581,684.33	9.011534	9.520534	358	358	N/A	2	No
4,077,177.03	6.914550	7.423550	358	358	N/A	2	No
733,077.95	7.894703	8.403703	353	353	N/A	2	Yes
2,498,188.16	7.385416	7.894416	479	479	N/A	1	No
788,139.69	7.455441	7.964441	479	479	N/A	1	Yes
1,096,104.97	6.892206	7.401206	479	479	N/A	1	No
181,113.51	8.491000	9.000000	478	478	N/A	2	Yes
573,102.56(3)	6.091000	6.600000	480	480	N/A	0	No
1,485,856.10	7.574369	8.083369	479	479	N/A	1	No
679,145.61	8.391000	8.900000	479	479	N/A	1	No
13,020,197.56	7.046648	7.555648	479	479	N/A	1	No
625,961.92	6.516000	7.025000	479	479	N/A	1	No
988,208.94	8.341294	8.850294	479	479	N/A	1	No
1,003,794.44	7.512522	8.021522	480	480	N/A	0	No
1,845,097.62	7.432483	7.941483	479	479	N/A	1	No
1,812,057.60	7.058487	7.567487	479	479	N/A	1	No
283,073.71	6.541000	7.050000	479	479	N/A	1	No
286,442.12	6.491000	7.000000	479	479	N/A	1	No

(1) In the above table, the Adjusted Net Mortgage Rate percentages that include Fixed Rate Credit Comeback Loans have been calculated without subtracting any Credit Comeback Excess Amounts. However, for purposes of actual payments to be made on the Certificates, including the calculation of each applicable Net Rate Cap as well as other Mortgage Rate calculations, the Mortgage Rate for each Fixed Rate Credit Comeback Loan will be deemed to be reduced by 0.375% on the Due Date following the end of each of the first four annual periods after the origination date, irrespective of whether the borrower qualifies for the reduction by having a good payment history.

- (2) In the above table, the Mortgage Rate percentages that include Fixed Rate Credit Comeback Loans have been calculated without subtracting any Credit Comeback Excess Amounts. However, for purposes of actual payments to be made on the Certificates, including the calculation of each applicable Net Rate Cap as well as other Mortgage Rate calculations, the Mortgage Rate for each Fixed Rate Credit Comeback Loan will be deemed to be reduced by 0.375% on the Due Date following the end of each of the first four annual periods after the origination date, irrespective of whether the borrower qualifies for the reduction by having a good payment history.
- (3) Indicates Mortgage Loans with respect to which the first Due Date occurs on September 1, 2006 and with respect to which a scheduled payment of interest would be advanced for such Mortgage Loans at the related Adjusted Net Mortgage Rate with respect to the August 2006 Distribution Date.

Loan Group 3 Fixed Rate Mortgage Loans

Principal Balance (\$)	Adjusted Net Mortgage Rate (%) (1)	Mortgage Rate (%) (2)	Remaining Amortization Term (months)	Remaining Term to Maturity (months)	Original Interest- Only Term (months)	Age (months)	Credit Comeback Feature
152,350.76	6.366000	6.875000	178	178	N/A	2	No
423,247.57	5.866000	6.375000	177	177	N/A	3	No
67,249.15	7.991000	8.500000	179	179	N/A	1	No
216,747.66	5.741000	6.250000	179	179	N/A	1	No
768,119.63	6.481000	6.990000	177	177	N/A	3	No
312,798.12	6.878313	7.387313	179	179	N/A	1	No
1,187,826.50	6.808308	7.317308	178	178	N/A	2	No
279,145.94	8.533194	9.042194	178	178	N/A	2	Yes
235,806.68	8.119082	8.628082	178	178	N/A	2	No
134,621.66	6.741000	7.250000	239	239	N/A	1	No
13,500,759.64	7.436771	7.945771	358	358	N/A	2	No
623,918.44	8.158731	8.667731	358	358	N/A	2	Yes
5,744,247.43	6.814211	7.323211	358	358	N/A	2	No
89,457.96	10.591000	11.100000	358	358	N/A	2	No
195,300.43	9.091000	9.600000	359	359	N/A	1	No
1,621,034.30	7.307694	7.816694	354	354	N/A	2	No
442,424.86	7.616000	8.125000	359	359	N/A	1	No
704,596.95	6.366000	6.875000	357	357	N/A	3	No
7,629,228.82	7.013105	7.522105	358	358	N/A	2	No
1,677,614.22	7.448538	7.957538	357	357	N/A	3	Yes
1,264,486.91	6.564366	7.073366	359	359	N/A	1	No
207,800.71	10.791000	11.300000	359	359	N/A	1	No
200,114.52	6.341000	6.850000	359	359	N/A	1	No
617,895.60	7.712063	8.221063	358	358	N/A	2	No
1,240,372.25	6.812446	7.321446	358	358	N/A	2	No
204,648.64	9.366000	9.875000	358	358	N/A	2	No
1,274,215.40	8.703165	9.212165	359	359	N/A	1	No
284,675.89	6.366000	6.875000	359	359	N/A	1	No
86,702,040.41	6.613265	7.122265	359	359	N/A	1	No
16,604,474.00	7.804748	8.313748	358	358	N/A	2	Yes
183,871.22	8.366000	8.875000	357	357	N/A	3	No
2,163,702.53	7.916289	8.425289	359	359	N/A	1	No
168,264.15	7.741000	8.250000	357	357	N/A	3	Yes
5,111,894.45	6.601620	7.110620	359	359	N/A	1	No
589,645.77	7.883998	8.392998	358	358	N/A	2	Yes
1,941,345.01	6.903436	7.412436	359	359	N/A	1	No
2,359,511.23	7.730671	8.239671	359	359	N/A	1	No
275,701.50	7.886655	8.395655	358	358	N/A	2	Yes
3,111,742.97	7.898117	8.407117	300	358	60	2	No
657,496.73	6.116000	6.625000	300	359	60	1	No
994,674.54	7.091000	7.600000	300	359	60	1	No
4,084,150.52	6.754786	7.263786	300	358	60	2	No
391,041.97	6.491000	7.000000	300	360	60	0	No
1,061,267.16	6.643303	7.152303	300	357	60	3	No
8,054,166.36	6.143814	6.652814	300	359	60	1	No
529,284.87	6.366000	6.875000	300	360	60	0	No
700,629.71	6.991000	7.500000	477	357	N/A	3	No
2,667,631.56	6.721968	7.230968	479	479	N/A	1	No
316,406.46	6.481000	6.990000	471	471	N/A	3	No
571,970.67	6.463639	6.972639	479	479	N/A	1	No

Principal Balance (\$)	Adjusted Net Mortgage Rate (%) (1)	Mortgage Rate (%) (2)	Remaining Amortization Term (months)	Remaining Term to Maturity (months)	Original Interest- Only Term (months)	Age (months)	Credit Comeback Feature
714,395.49	10.591000	11.100000	480	480	N/A	0	No
16,316,414.50	6.612938	7.121938	479	479	N/A	1	No
1,559,386.36	7.681129	8.190129	479	479	N/A	1	Yes
204,835.52(3)	7.366000	7.875000	480	480	N/A	0	No
97,414.80	7.491000	8.000000	479	479	N/A	1	No
441,850.94	7.466480	7.975480	478	478	N/A	2	No
1,157,263.65	7.407312	7.916312	479	479	N/A	1	No
384,382.70	7.291000	7.800000	480	480	N/A	0	No
382,435.62	6.843341	7.352341	479	479	N/A	1	No

- (1) In the above table, the Adjusted Net Mortgage Rate percentages that include Fixed Rate Credit Comeback Loans have been calculated without subtracting any Credit Comeback Excess Amounts. However, for purposes of actual payments to be made on the Certificates, including the calculation of each applicable Net Rate Cap as well as other Mortgage Rate calculations, the Mortgage Rate for each Fixed Rate Credit Comeback Loan will be deemed to be reduced by 0.375% on the Due Date following the end of each of the first four annual periods after the origination date, irrespective of whether the borrower qualifies for the reduction by having a good payment history.
- (2) In the above table, the Mortgage Rate percentages that include Fixed Rate Credit Comeback Loans have been calculated without subtracting any Credit Comeback Excess Amounts. However, for purposes of actual payments to be made on the Certificates, including the calculation of each applicable Net Rate Cap as well as other Mortgage Rate calculations, the Mortgage Rate for each Fixed Rate Credit Comeback Loan will be deemed to be reduced by 0.375% on the Due Date following the end of each of the first four annual periods after the origination date, irrespective of whether the borrower qualifies for the reduction by having a good payment history.
- (3) Indicates Mortgage Loans with respect to which the first Due Date occurs on September 1, 2006 and with respect to which a scheduled payment of interest would be advanced for such Mortgage Loans at the related Adjusted Net Mortgage Rate with respect to the August 2006 Distribution Date.

Loan Group 2 Adjustable Rate Mortgage Loans

Principal Balance (\$)	Adjusted Net		Remaining Amortization		Original Interest-Only		Age (months)	Initial Periodic Rate Cap (%)	Subsequent Periodic Rate Cap (%)	Gross Margin (%)	Maximum Mortgage Rate (%)	Minimum Mortgage Rate (%)	Months to Next Rate Adjustment	Reset Frequency (months)
	Mortgage Rate (%)	Mortgage Rate (%)	Term (months)	Maturity (months)	Term (months)	Only Term (months)								
3,046,102.95	7.130050	7.639050	359	359	N/A	N/A	1	1.0000	1.0000	6.160446	14.639050	7.639050	5	6
1,566,335.61	7.220693	7.729693	360	360	N/A	N/A	0	1.0000	1.0000	6.936407	14.729693	7.729693	6	6
243,503.40	7.241000	7.750000	360	360	N/A	N/A	0	1.0000	1.0000	6.625000	14.750000	7.750000	6	6
456,568.87	5.541000	6.050000	360	360	N/A	N/A	0	1.0000	1.0000	4.150000	13.050000	6.050000	6	6
313,054.06	5.741000	6.250000	360	360	N/A	N/A	0	1.0000	1.0000	4.600000	13.250000	6.250000	6	6
1,232,735.96	6.673870	7.182870	360	360	N/A	N/A	0	1.0000	1.0000	6.950154	14.182870	7.182870	6	6
66,458,188.99	8.676191	9.185191	360	360	N/A	N/A	0	1.6487	1.4548	6.526447	16.094415	9.140973	24	6
2,234,572.86(1)	8.716056	9.225056	360	360	N/A	N/A	0	1.5000	1.5000	7.035499	16.225056	9.225056	24	6
5,786,458.29	8.436703	8.945703	360	360	N/A	N/A	0	1.8793	1.4140	6.700629	15.750024	8.945703	24	6
319,598.21	8.991000	9.500000	360	360	N/A	N/A	0	1.5000	1.5000	5.500000	16.500000	9.500000	24	6
800,937.22	7.949150	8.458150	359	359	N/A	N/A	1	2.0808	1.3064	7.144626	15.070946	8.458150	23	6
243,503.40	8.481000	8.990000	360	360	N/A	N/A	0	3.0000	1.0000	6.990000	14.990000	8.990000	24	6
187,649.81	9.741000	10.250000	360	360	N/A	N/A	0	1.5000	1.5000	6.875000	17.250000	10.250000	24	6
101,125,022.06	8.051476	8.560476	360	360	N/A	N/A	0	1.7670	1.4227	6.654543	15.411329	8.470167	24	6
2,664,505.50(1)	8.068512	8.577512	360	360	N/A	N/A	0	1.5000	1.5000	6.484176	15.577512	8.577512	24	6
2,184,217.30	8.256988	8.765988	360	360	N/A	N/A	0	1.8878	1.3707	7.326458	15.653808	8.765988	24	6
10,564,809.27	8.553320	9.062320	360	360	N/A	N/A	0	1.8753	1.4232	6.880222	15.825384	8.908621	24	6
91,313.77(1)	8.191000	8.700000	360	360	N/A	N/A	0	1.5000	1.5000	7.700000	15.700000	8.700000	24	6
10,127,789.35	8.166420	8.675420	359	359	N/A	N/A	1	1.9965	1.3444	6.746444	15.362697	8.547660	23	6
109,535.27	10.241000	10.750000	359	359	N/A	N/A	1	3.0000	1.0000	7.250000	16.750000	10.750000	23	6
4,672,386.03	7.916478	8.425478	360	360	N/A	N/A	0	2.7417	1.0861	6.447307	14.942417	8.363037	24	6
2,081,021.64	8.641932	9.150932	360	360	N/A	N/A	0	1.8606	1.3798	6.540152	15.910552	9.150932	24	6
295,940.00	8.941000	9.450000	358	358	N/A	N/A	2	1.5000	1.5000	7.450000	16.450000	9.450000	22	6
92,531.29	9.066000	9.575000	360	360	N/A	N/A	0	1.5000	1.5000	7.575000	16.575000	9.575000	24	6
508,514.49	8.903215	9.412215	359	359	N/A	N/A	1	3.0000	1.0000	7.412215	15.412215	8.143861	23	6
78,073.28	8.991000	9.500000	360	360	N/A	N/A	0	3.0000	1.0000	7.500000	15.500000	9.500000	24	6
887,282.27	9.107610	9.616610	359	359	N/A	N/A	1	1.5000	1.5000	6.682239	16.616610	9.616610	23	6
159,038.16	7.141000	7.650000	360	360	N/A	N/A	0	1.5000	1.5000	5.650000	14.650000	7.650000	24	6
131,433.67	9.491000	10.000000	359	359	N/A	N/A	0	3.0000	1.0000	6.500000	17.000000	10.000000	23	6
259,716.16	7.841000	8.350000	336	358	24	24	2	1.5000	1.5000	7.350000	15.350000	8.350000	22	6
9,236,220.89	7.560156	8.069156	300	360	60	60	0	1.6945	1.4352	6.680018	14.939519	8.069156	24	6
420,043.36(1)	7.391000	7.900000	300	360	60	60	0	1.5000	1.5000	7.250000	14.900000	7.900000	24	6
1,154,862.05	6.082284	6.591284	300	360	60	60	0	1.5000	1.5000	6.447095	13.591284	6.591284	24	6
25,968,601.99	6.969389	7.478389	300	360	60	60	0	1.7581	1.4112	6.366241	14.318209	7.445951	24	6
146,558.61	9.641000	10.150000	300	357	60	60	3	1.5000	1.5000	7.200000	17.150000	10.150000	21	6
1,860,913.85	7.404227	7.913227	300	360	60	60	0	1.5000	1.5000	6.085983	14.913227	7.913227	24	6
482,022.59	8.182748	8.691748	300	360	60	60	0	1.5000	1.5000	6.441748	15.691748	8.691748	24	6
15,620,923.23	8.609282	9.118282	480	480	N/A	N/A	0	1.7014	1.4383	6.507566	16.010547	9.004041	24	6
809,527.05(1)	9.000869	9.509869	480	480	N/A	N/A	0	1.5000	1.5000	5.047318	16.509869	9.509869	24	6
444,393.70	6.991000	7.500000	480	480	N/A	N/A	0	1.5000	1.5000	6.375000	14.500000	7.500000	24	6
608,758.50	9.991000	10.500000	480	480	N/A	N/A	0	1.5000	1.5000	6.875000	17.500000	10.500000	24	6
714,530.29	6.312565	6.821565	480	480	N/A	N/A	0	1.5000	1.5000	6.204952	13.821565	6.821565	24	6
52,882,696.58	7.943899	8.452899	480	480	N/A	N/A	0	1.8204	1.4263	6.929937	15.305564	8.380134	24	6

Principal Balance (\$)	Adjusted Net Mortgage Rate (%)	Mortgage Rate (%)	Remaining Amortization Term (months)	Remaining Term to Maturity (months)	Original Interest-Term (months)	Age (months)	Initial Periodic Rate Cap (%)	Subsequent Periodic Rate Cap (%)	Gross Margin (%)	Maximum Mortgage Rate (%)	Minimum Mortgage Rate (%)	Months to Next Rate Adjustment	Reset Frequency (months)
224,631.89(1)	8.341000	8.850000	480	480	N/A	0	1.5000	1.5000	7.850000	15.850000	8.850000	24	6
238,633.33	7.791000	8.300000	480	480	N/A	0	3.0000	1.0000	6.300000	14.300000	8.300000	24	6
1,170,288.05	8.741492	9.250492	480	480	N/A	0	1.9190	1.4117	6.270737	16.073839	9.250492	24	6
3,919,964.71	8.016868	8.525868	480	480	N/A	0	2.5164	1.1916	6.642792	15.067082	8.273743	24	6
1,834,943.25	8.382161	8.891161	480	480	N/A	0	3.0000	1.0000	6.891161	15.482476	8.392279	24	6
991,363.21	8.110968	8.619968	480	480	N/A	0	1.5000	1.5000	5.962714	15.619968	8.619968	24	6
176,455.26	9.481000	9.990000	477	477	N/A	3	3.0000	1.5000	7.365000	16.990000	9.990000	21	6
2,424,862.06	8.462215	8.971215	359	359	N/A	1	1.5790	1.4737	6.820925	15.918525	8.971215	35	6
843,130.52	6.945874	7.454874	360	360	N/A	0	1.5000	1.5000	6.227437	14.454874	7.454874	36	6
576,008.05	6.713734	7.222734	360	360	N/A	0	1.5000	1.5000	6.673867	14.222734	7.222734	36	6
376,394.24	8.241000	8.750000	357	357	N/A	3	3.0000	1.0000	7.750000	14.750000	7.750000	33	6
209,472.40	9.491000	10.000000	359	359	N/A	1	3.0000	1.0000	6.500000	16.000000	10.000000	35	6
3,030,912.83	7.481794	7.990794	360	360	N/A	0	2.0970	1.3010	6.532325	14.592776	7.822822	36	6
190,845.79	8.866000	9.375000	360	360	N/A	0	3.0000	1.0000	7.375000	15.375000	9.375000	36	6
388,459.63	8.981000	9.490000	358	358	N/A	2	3.0000	1.0000	7.490000	15.490000	9.490000	34	6
472,082.09	8.991000	9.500000	359	359	N/A	1	1.5000	1.5000	7.500000	16.500000	9.500000	35	6
674,504.41	7.342986	7.851986	300	360	60	0	1.5000	1.5000	6.264440	14.851986	7.851986	36	6
244,720.92	6.616000	7.125000	300	360	60	0	1.5000	1.5000	6.125000	14.125000	7.125000	36	6
1,004,451.52	6.366000	6.875000	300	360	60	0	1.5000	1.5000	6.208333	13.875000	6.875000	36	6
262,603.20	8.148020	8.657020	480	480	N/A	0	1.5000	1.5000	6.616995	15.657020	8.657020	36	6
1,167,294.42	5.588458	6.097458	480	480	N/A	0	1.5000	1.5000	6.398305	13.097458	6.097458	36	6
202,412.20(1)	8.866000	9.375000	480	480	N/A	0	1.5000	1.5000	6.875000	16.375000	9.375000	36	6
194,193.96(1)	7.241000	7.750000	480	480	N/A	0	1.5000	1.5000	6.125000	14.750000	7.750000	36	6
287,638.39	8.041000	8.550000	480	480	N/A	0	1.5000	1.5000	6.550000	15.550000	8.550000	36	6
1,549,838.26	7.741000	8.250000	360	360	N/A	0	3.0000	1.5000	6.825897	15.250000	8.250000	60	6
749,980.23	5.801729	6.310729	358	358	N/A	2	3.0000	1.5000	5.955610	13.310729	6.310729	58	6
414,716.73	6.366000	6.875000	480	480	N/A	0	3.0000	1.5000	6.250000	13.875000	6.875000	60	6
1,190,122.86(1)	6.804363	7.313363	480	480	N/A	0	3.0000	1.5000	6.313363	14.313363	7.313363	60	6
516,683.77	5.741000	6.250000	480	480	N/A	0	3.0000	1.5000	5.750000	13.250000	6.250000	60	6

(1) Indicates Mortgage Loans with respect to which the first Due Date occurs on September 1, 2006 and with respect to which a scheduled payment of interest would be advanced for such Mortgage Loans at the related Adjusted Net Mortgage Rate with respect to the August 2006 Distribution Date.

Loan Group 3 Adjustable Rate Mortgage Loans

Principal Balance (\$)	Adjusted Net Mortgage		Remaining Amortization		Original Interest- Only		Age (months)	Initial Periodic Rate Cap (%)	Subsequent Periodic Rate Cap (%)	Gross Margin (%)	Maximum Mortgage Rate (%)	Minimum Mortgage Rate (%)	Months to Next Rate Adjustment		Reset Frequency (months)
	Rate (%)	Mortgage Rate (%)	Term (months)	Term to Maturity (months)	Term (months)	Cap (%)							Cap (%)	Rate (%)	
5,011,487.05	8.226518	8.735518	360	360	N/A	N/A	0	1.0000	1.0000	6.782617	15.735518	8.735518	6	6	6
756,930.49	8.366000	8.875000	360	360	N/A	N/A	0	1.0000	1.0000	6.375000	15.875000	8.875000	6	6	6
310,535.58	7.421000	7.930000	360	360	N/A	N/A	0	1.0000	1.0000	5.930000	14.930000	7.930000	6	6	6
414,047.45	6.941000	7.450000	360	360	N/A	N/A	0	1.0000	1.0000	5.800000	14.450000	7.450000	6	6	6
56,741,455.25	9.098671	9.607671	360	360	N/A	N/A	0	1.6206	1.4690	7.903520	16.531720	9.543579	24	6	6
874,332.73(1)	9.054369	9.563369	360	360	N/A	N/A	0	1.5000	1.5000	7.524100	16.563369	9.563369	24	6	6
5,073,611.53	8.973668	9.482668	360	360	N/A	N/A	0	1.9214	1.3595	6.924786	16.201714	9.385512	24	6	6
116,176.84	9.271000	9.780000	360	360	N/A	N/A	0	1.5000	1.5000	8.780000	16.780000	9.780000	24	6	6
681,501.99	7.481000	7.990000	359	359	N/A	N/A	1	3.0000	1.0000	6.950000	14.990000	6.950000	23	6	6
76,545,577.91	8.429209	8.938209	360	360	N/A	N/A	0	1.7695	1.4305	7.377684	15.803519	8.838490	24	6	6
532,187.97(1)	9.040415	9.549415	360	360	N/A	N/A	0	1.5000	1.5000	7.943311	16.549415	9.549415	24	6	6
599,743.92	8.741000	9.250000	358	358	N/A	N/A	2	3.0000	1.0000	7.250000	15.250000	9.250000	22	6	6
2,777,666.47	8.274831	8.783831	360	360	N/A	N/A	0	1.6847	1.4384	7.520734	15.660718	8.304055	24	6	6
327,584.60	9.041000	9.550000	360	360	N/A	N/A	0	1.5000	1.5000	8.800000	16.550000	9.550000	24	6	6
8,166,615.65	9.410987	9.919987	360	360	N/A	N/A	0	1.8423	1.3859	8.299192	16.691755	9.882107	24	6	6
785,251.64(1)	9.873358	10.382358	360	360	N/A	N/A	0	1.5000	1.5000	8.958789	17.382358	10.382358	24	6	6
6,807,120.95	8.843538	9.352538	359	359	N/A	N/A	1	1.5753	1.4749	8.419758	16.302331	9.352538	23	6	6
1,641,417.12	9.102787	9.611787	360	360	N/A	N/A	0	3.0000	1.0647	7.805843	16.072329	9.328006	24	6	6
2,342,789.85	8.570164	9.079164	360	360	N/A	N/A	0	1.7222	1.4259	7.529870	15.931058	8.906081	24	6	6
974,229.28(1)	9.071000	9.580000	360	360	N/A	N/A	0	1.5000	1.5000	8.080000	16.580000	9.580000	24	6	6
105,965.90	9.771000	10.280000	357	357	N/A	N/A	3	3.0000	1.0000	8.160000	16.280000	10.280000	21	6	6
206,803.68	8.641000	9.150000	358	358	N/A	N/A	2	1.5000	1.5000	8.150000	16.150000	8.150000	22	6	6
505,381.44	9.191000	9.700000	360	360	N/A	N/A	0	3.0000	1.0000	7.700000	15.700000	9.700000	24	6	6
102,750.74	9.491000	10.000000	360	360	N/A	N/A	0	1.5000	1.5000	8.000000	17.000000	10.000000	24	6	6
947,127.96	9.380589	9.889589	360	360	N/A	N/A	0	2.8057	1.0648	7.796371	16.019130	9.889589	24	6	6
2,701,748.17	7.364205	7.873205	359	359	N/A	N/A	1	1.5000	1.5000	6.444288	14.873205	7.873205	23	6	6
890,240.06	7.341000	7.850000	359	359	N/A	N/A	1	3.0000	1.0000	7.850000	13.850000	7.850000	23	6	6
155,267.79	8.041000	8.550000	360	360	N/A	N/A	0	1.5000	1.5000	6.550000	15.550000	6.550000	24	6	6
627,591.93	6.741000	7.250000	336	357	24	24	3	1.5000	1.5000	6.375000	14.250000	7.250000	21	6	6
2,345,655.80	6.324922	6.833922	336	358	24	24	2	1.7327	1.4224	6.235404	13.678821	6.833922	22	6	6
248,428.47	8.991000	9.500000	336	357	24	24	3	3.0000	1.0000	8.500000	15.500000	9.500000	21	6	6
442,420.35	9.941000	10.450000	324	358	36	36	2	1.5000	1.5000	9.450000	17.450000	10.450000	22	6	6
50,806,217.43	8.416004	8.925004	300	360	60	60	0	1.5748	1.4749	7.125412	15.883633	8.925004	24	6	6
481,025.71(1)	6.491000	7.000000	300	360	60	60	0	1.5000	1.5000	6.000000	14.000000	7.000000	24	6	6
5,374,419.56	8.247589	8.756589	300	360	60	60	0	1.9370	1.3145	7.058444	15.601375	8.506672	24	6	6
566,270.77	11.616000	12.125000	300	360	60	60	0	1.5000	1.5000	6.625000	19.125000	12.125000	24	6	6
1,624,679.55	7.936001	8.445001	300	360	60	60	0	2.1577	1.2808	6.791893	15.006512	8.445001	24	6	6
131,797,517.09	7.289042	7.798042	300	360	60	60	0	1.7197	1.4242	6.707815	14.664579	7.779613	24	6	6
849,832.38	8.224034	8.733034	300	360	60	60	0	1.5000	1.5000	7.733034	15.733034	8.733034	24	6	6
1,417,199.16	7.498680	8.007680	300	359	60	60	1	1.5000	1.5000	6.961332	15.007680	8.007680	23	6	6
1,938,326.35	8.824647	9.333647	300	360	60	60	0	1.5000	1.5000	6.941904	16.333647	9.333647	24	6	6
4,104,770.47	7.415077	7.924077	300	360	60	60	0	1.8847	1.3718	7.188180	14.667601	7.924077	24	6	6
1,808,032.55	8.897420	9.406420	300	359	60	60	1	2.1223	1.2926	7.936171	15.991560	9.406420	23	6	6

Principal Balance (\$)	Adjusted Net Mortgage Rate (%)	Mortgage Rate (%)	Remaining Amortization Term (months)	Remaining Term to Maturity (months)	Original Interest- Only Term (months)	Age (months)	Initial Periodic Rate Cap (%)	Subsequent Periodic Rate Cap (%)	Gross Margin (%)	Maximum Mortgage Rate (%)	Minimum Mortgage Rate (%)	Months to Next Rate Adjustment	Reset Frequency (months)
157,094.47	6.991000	7.500000	300	360	60	0	1.5000	1.5000	6.125000	14.500000	7.500000	24	6
477,372.35	9.091000	9.600000	300	360	60	0	3.0000	1.0000	7.600000	15.600000	7.600000	24	6
380,406.09	9.112048	9.621048	300	360	60	0	3.0000	1.0000	7.621048	15.621048	9.621048	24	6
343,415.82	8.231000	8.740000	300	360	60	0	3.0000	1.0000	7.740000	14.740000	8.740000	24	6
1,080,595.33	7.291075	7.800075	300	360	60	0	1.5000	1.5000	6.426307	14.800075	7.800075	24	6
262,585.24	4.991000	5.500000	300	357	60	3	1.5000	1.5000	6.000000	12.500000	5.500000	21	6
20,543,830.43	8.840983	9.349983	480	480	N/A	N/A	1.6462	1.4457	7.947670	16.249722	9.310712	24	6
4,136,588.78	8.522008	9.031008	479	479	N/A	1	1.9961	1.4191	7.589854	15.869120	9.031008	23	6
323,474.57(1)	9.341000	9.850000	480	480	N/A	0	1.5000	1.5000	8.200000	16.850000	9.850000	24	6
49,639,167.92	8.008208	8.517208	480	480	N/A	0	1.7064	1.4562	7.363316	15.446395	8.467682	24	6
109,600.79(1)	9.191000	9.700000	480	480	N/A	0	1.5000	1.5000	8.700000	16.700000	9.700000	24	6
164,279.41	10.441000	10.950000	480	480	N/A	0	1.5000	1.5000	9.950000	17.950000	10.950000	24	6
634,192.82	9.510115	10.019115	480	480	N/A	0	1.5000	1.5000	8.810291	17.019115	10.019115	24	6
127,410.92(1)	10.791000	11.300000	480	480	N/A	0	1.5000	1.5000	10.300000	18.300000	11.300000	24	6
1,249,108.07	8.668232	9.177232	480	480	N/A	0	1.5000	1.5000	8.177232	16.177232	9.177232	24	6
927,453.51	9.069726	9.578726	480	480	N/A	0	2.7538	1.0821	8.140052	15.742856	9.578726	24	6
383,130.08	8.091000	8.600000	479	479	N/A	1	1.5000	1.5000	8.350000	15.600000	8.600000	23	6
333,785.09	10.341000	10.850000	479	479	N/A	1	3.0000	1.0000	8.850000	16.850000	10.850000	23	6
2,830,639.93	8.832034	9.341034	359	359	N/A	1	1.6409	1.4530	6.774700	16.247111	9.341034	35	6
319,483.15	8.191000	8.700000	359	359	N/A	1	3.0000	1.0000	8.200000	14.700000	8.700000	35	6
225,290.52	10.041000	10.550000	360	360	N/A	0	3.0000	1.0000	8.550000	16.550000	10.550000	36	6
1,070,916.32	6.647301	7.156301	360	360	N/A	0	1.5000	1.5000	6.362563	14.156301	6.813689	36	6
407,419.46	10.091000	10.600000	359	359	N/A	1	1.5000	1.5000	8.600000	17.600000	8.600000	35	6
740,792.51	8.239202	8.748202	358	358	N/A	2	2.2818	1.2394	7.120732	15.226987	7.627453	34	6
532,447.52	7.826148	8.335148	359	359	N/A	1	3.0000	1.0000	7.080570	14.335148	7.798018	35	6
294,552.13	9.441000	9.950000	360	360	N/A	0	3.0000	1.0000	9.700000	15.950000	9.950000	36	6
212,991.32	8.291000	8.800000	359	359	N/A	1	3.0000	1.0000	8.800000	14.800000	8.800000	35	6
1,558,310.18	6.906805	7.415805	300	360	60	0	2.1834	1.2722	5.983770	13.960203	7.415805	36	6
362,291.51(1)	7.741000	8.250000	300	360	60	0	1.5000	1.5000	6.250000	15.250000	8.250000	36	6
6,957,742.78	7.080173	7.589173	300	360	60	0	1.7228	1.4257	6.454195	14.440652	7.588461	36	6
170,490.12	6.616000	7.125000	300	360	60	0	1.5000	1.5000	6.125000	14.125000	7.125000	36	6
654,371.44	7.466000	7.975000	479	479	N/A	1	3.0000	1.0000	5.975000	13.975000	5.975000	35	6
939,217.92	8.241000	8.750000	480	480	N/A	0	1.5000	1.5000	7.074149	15.750000	8.750000	36	6
2,312,698.54	8.000813	8.509813	360	360	N/A	0	3.0000	1.5000	7.769343	15.509813	8.509813	60	6
441,447.64	7.866000	8.375000	360	360	N/A	0	3.0000	1.5000	6.125000	15.375000	8.375000	60	6
216,797.22(1)	7.991000	8.500000	360	360	N/A	0	3.0000	1.5000	6.875000	15.500000	8.500000	60	6
532,780.12	6.616000	7.125000	360	360	N/A	0	3.0000	1.5000	6.625000	14.125000	7.125000	60	6
401,747.80(1)	8.041000	8.550000	360	360	N/A	0	3.0000	1.5000	7.550000	15.550000	8.550000	60	6
523,526.46	6.116000	6.625000	300	360	60	0	3.0000	1.0000	3.500000	12.625000	3.625000	60	6
692,616.13(1)	7.821000	8.330000	480	480	N/A	0	3.0000	1.5000	7.330000	15.330000	8.330000	60	6

(1) Indicates Mortgage Loans with respect to which the first Due Date occurs on September 1, 2006 and with respect to which a scheduled payment of interest would be advanced for such Mortgage Loans at the related Adjusted Net Mortgage Rate with respect to the August 2006 Distribution Date.

**Percentages of the Initial Certificate Principal Balances of the Offered Certificates
at the Respective Percentages of the Prepayment Model**

Distribution Date	Class 1-AF-1					Class 1-AF-2				
	50%	75%	100%	125%	150%	50%	75%	100%	125%	150%
Initial Percentage.....	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
July 25, 2007.....	72	60	48	36	24	100	100	100	100	100
July 25, 2008.....	37	11	0	0	0	100	100	42	0	0
July 25, 2009.....	5	0	0	0	0	100	0	0	0	0
July 25, 2010.....	0	0	0	0	0	14	0	0	0	0
July 25, 2011.....	0	0	0	0	0	0	0	0	0	0
Weighted Average Life to Optional Termination (in years)	1.67	1.23	1.00	0.86	0.76	3.69	2.57	2.00	1.65	1.42
Weighted Average Life to Maturity (in years).....	1.67	1.23	1.00	0.86	0.76	3.69	2.57	2.00	1.65	1.42

Distribution Date	Class 1-AF-3					Class 1-AF-4				
	50%	75%	100%	125%	150%	50%	75%	100%	125%	150%
Initial Percentage.....	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
July 25, 2007.....	100	100	100	100	100	100	100	100	100	100
July 25, 2008.....	100	100	100	81	49	100	100	100	100	100
July 25, 2009.....	100	91	45	4	0	100	100	100	100	55
July 25, 2010.....	100	45	0	0	0	100	100	95	40	0
July 25, 2011.....	72	8	0	0	0	100	100	45	0	0
July 25, 2012.....	44	0	0	0	0	100	73	9	0	0
July 25, 2013.....	21	0	0	0	0	100	43	0	0	0
July 25, 2014.....	7	0	0	0	0	100	27	0	0	0
July 25, 2015.....	0	0	0	0	0	90	10	0	0	0
July 25, 2016.....	0	0	0	0	0	70	0	0	0	0
July 25, 2017.....	0	0	0	0	0	51	0	0	0	0
July 25, 2018.....	0	0	0	0	0	33	0	0	0	0
July 25, 2019.....	0	0	0	0	0	16	0	0	0	0
July 25, 2020.....	0	0	0	0	0	1	0	0	0	0
July 25, 2021.....	0	0	0	0	0	0	0	0	0	0
Weighted Average Life to Optional Termination (in years)	5.96	3.98	3.00	2.42	2.04	11.16	7.08	5.00	3.91	3.17
Weighted Average Life to Maturity (in years).....	5.96	3.98	3.00	2.42	2.04	11.16	7.08	5.00	3.91	3.17

<u>Distribution Date</u>	Class 1-AF-5					Class 1-AF-6				
	50%	75%	100%	125%	150%	50%	75%	100%	125%	150%
Initial Percentage.....	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
July 25, 2007.....	100	100	100	100	100	100	100	100	100	100
July 25, 2008.....	100	100	100	100	100	100	100	100	100	100
July 25, 2009.....	100	100	100	100	100	100	100	100	100	100
July 25, 2010.....	100	100	100	100	95	95	92	90	88	85
July 25, 2011.....	100	100	100	93	58	90	85	81	77	73
July 25, 2012.....	100	100	100	67	0	81	74	67	60	0
July 25, 2013.....	100	100	85	0	0	72	62	53	0	0
July 25, 2014.....	100	100	76	0	0	50	36	25	0	0
July 25, 2015.....	100	100	0	0	0	34	21	0	0	0
July 25, 2016.....	100	94	0	0	0	23	12	0	0	0
July 25, 2017.....	100	80	0	0	0	16	7	0	0	0
July 25, 2018.....	100	0	0	0	0	11	0	0	0	0
July 25, 2019.....	100	0	0	0	0	7	0	0	0	0
July 25, 2020.....	100	0	0	0	0	5	0	0	0	0
July 25, 2021.....	88	0	0	0	0	3	0	0	0	0
July 25, 2022.....	77	0	0	0	0	2	0	0	0	0
July 25, 2023.....	0	0	0	0	0	0	0	0	0	0
Weighted Average Life to Optional Termination (in years)	15.90	10.98	8.01	6.11	4.90	8.39	7.37	6.61	5.73	4.90
Weighted Average Life to Maturity (in years).....	19.84	14.61	10.92	8.29	6.43	8.43	7.47	6.88	6.46	6.14

<u>Distribution Date</u>	Class 2-AV					Class 3-AV-1				
	50%	75%	100%	125%	150%	50%	75%	100%	125%	150%
Initial Percentage.....	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
July 25, 2007.....	88	83	77	71	66	74	61	49	36	23
July 25, 2008.....	72	60	48	37	27	37	9	0	0	0
July 25, 2009.....	54	37	22	9	0	0	0	0	0	0
July 25, 2010.....	43	29	21	9	0	0	0	0	0	0
July 25, 2011.....	34	23	15	9	0	0	0	0	0	0
July 25, 2012.....	29	19	11	7	0	0	0	0	0	0
July 25, 2013.....	25	15	8	0	0	0	0	0	0	0
July 25, 2014.....	22	12	6	0	0	0	0	0	0	0
July 25, 2015.....	19	9	0	0	0	0	0	0	0	0
July 25, 2016.....	16	8	0	0	0	0	0	0	0	0
July 25, 2017.....	14	6	0	0	0	0	0	0	0	0
July 25, 2018.....	12	0	0	0	0	0	0	0	0	0
July 25, 2019.....	10	0	0	0	0	0	0	0	0	0
July 25, 2020.....	9	0	0	0	0	0	0	0	0	0
July 25, 2021.....	7	0	0	0	0	0	0	0	0	0
July 25, 2022.....	6	0	0	0	0	0	0	0	0	0
July 25, 2023.....	0	0	0	0	0	0	0	0	0	0
Weighted Average Life to Optional Termination (in years)	5.10	3.50	2.60	1.95	1.44	1.63	1.23	1.00	0.85	0.75
Weighted Average Life to Maturity (in years).....	5.40	3.73	2.79	2.10	1.44	1.63	1.23	1.00	0.85	0.75

	Class 3-AV-2					Class 3-AV-3				
<u>Distribution Date</u>	<u>50%</u>	<u>75%</u>	<u>100%</u>	<u>125%</u>	<u>150%</u>	<u>50%</u>	<u>75%</u>	<u>100%</u>	<u>125%</u>	<u>150%</u>
Initial Percentage.....	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
July 25, 2007.....	100	100	100	100	100	100	100	100	100	100
July 25, 2008.....	100	100	83	59	36	100	100	100	100	100
July 25, 2009.....	97	57	24	0	0	100	100	100	81	0
July 25, 2010.....	71	40	21	0	0	100	100	100	81	0
July 25, 2011.....	52	27	9	0	0	100	100	100	81	0
July 25, 2012.....	41	16	0	0	0	100	100	100	59	0
July 25, 2013.....	32	8	0	0	0	100	100	74	0	0
July 25, 2014.....	24	1	0	0	0	100	100	55	0	0
July 25, 2015.....	17	0	0	0	0	100	84	0	0	0
July 25, 2016.....	11	0	0	0	0	100	67	0	0	0
July 25, 2017.....	6	0	0	0	0	100	54	0	0	0
July 25, 2018.....	1	0	0	0	0	100	0	0	0	0
July 25, 2019.....	0	0	0	0	0	90	0	0	0	0
July 25, 2020.....	0	0	0	0	0	77	0	0	0	0
July 25, 2021.....	0	0	0	0	0	66	0	0	0	0
July 25, 2022.....	0	0	0	0	0	56	0	0	0	0
July 25, 2023.....	0	0	0	0	0	0	0	0	0	0

Weighted Average Life to Optional Termination (in years)	6.05	4.01	2.91	2.11	1.83	15.22	10.39	7.69	5.60	2.61
Weighted Average Life to Maturity (in years).....	6.05	4.01	2.91	2.11	1.83	17.84	12.46	9.25	6.81	2.61

	Class MV-1					Class MV-2				
<u>Distribution Date</u>	<u>50%</u>	<u>75%</u>	<u>100%</u>	<u>125%</u>	<u>150%</u>	<u>50%</u>	<u>75%</u>	<u>100%</u>	<u>125%</u>	<u>150%</u>
Initial Percentage.....	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
July 25, 2007.....	100	100	100	100	100	100	100	100	100	100
July 25, 2008.....	100	100	100	100	100	100	100	100	100	100
July 25, 2009.....	100	100	100	100	98	100	100	100	100	100
July 25, 2010.....	100	81	57	100	98	100	81	57	81	100
July 25, 2011.....	96	65	42	36	98	96	65	42	27	56
July 25, 2012.....	82	52	31	19	0	82	52	31	19	0
July 25, 2013.....	71	41	23	0	0	71	41	23	0	0
July 25, 2014.....	61	33	17	0	0	61	33	17	0	0
July 25, 2015.....	52	26	0	0	0	52	26	0	0	0
July 25, 2016.....	45	21	0	0	0	45	21	0	0	0
July 25, 2017.....	39	17	0	0	0	39	17	0	0	0
July 25, 2018.....	33	0	0	0	0	33	0	0	0	0
July 25, 2019.....	28	0	0	0	0	28	0	0	0	0
July 25, 2020.....	24	0	0	0	0	24	0	0	0	0
July 25, 2021.....	20	0	0	0	0	20	0	0	0	0
July 25, 2022.....	17	0	0	0	0	17	0	0	0	0
July 25, 2023.....	0	0	0	0	0	0	0	0	0	0

Weighted Average Life to Optional Termination (in years)	10.16	6.82	5.29	5.11	5.19	10.16	6.82	5.22	4.72	5.02
Weighted Average Life to Maturity (in years).....	10.94	7.43	5.75	5.48	7.60	10.92	7.40	5.66	5.06	5.35

Distribution Date	Class MV-3					Class MV-4				
	50%	75%	100%	125%	150%	50%	75%	100%	125%	150%
Initial Percentage.....	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
July 25, 2007.....	100	100	100	100	100	100	100	100	100	100
July 25, 2008.....	100	100	100	100	100	100	100	100	100	100
July 25, 2009.....	100	100	100	100	100	100	100	100	100	100
July 25, 2010.....	100	81	57	40	100	100	81	57	40	49
July 25, 2011.....	96	65	42	27	17	96	65	42	27	17
July 25, 2012.....	82	52	31	19	0	82	52	31	19	0
July 25, 2013.....	71	41	23	0	0	71	41	23	0	0
July 25, 2014.....	61	33	17	0	0	61	33	17	0	0
July 25, 2015.....	52	26	0	0	0	52	26	0	0	0
July 25, 2016.....	45	21	0	0	0	45	21	0	0	0
July 25, 2017.....	39	17	0	0	0	39	17	0	0	0
July 25, 2018.....	33	0	0	0	0	33	0	0	0	0
July 25, 2019.....	28	0	0	0	0	28	0	0	0	0
July 25, 2020.....	24	0	0	0	0	24	0	0	0	0
July 25, 2021.....	20	0	0	0	0	20	0	0	0	0
July 25, 2022.....	17	0	0	0	0	17	0	0	0	0
July 25, 2023.....	0	0	0	0	0	0	0	0	0	0
Weighted Average Life to Optional Termination (in years)	10.16	6.82	5.18	4.54	4.49	10.16	6.82	5.16	4.45	4.24
Weighted Average Life to Maturity (in years).....	10.89	7.38	5.60	4.87	4.75	10.87	7.35	5.56	4.76	4.48

Distribution Date	Class MV-5					Class MV-6				
	50%	75%	100%	125%	150%	50%	75%	100%	125%	150%
Initial Percentage.....	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
July 25, 2007.....	100	100	100	100	100	100	100	100	100	100
July 25, 2008.....	100	100	100	100	100	100	100	100	100	100
July 25, 2009.....	100	100	100	100	100	100	100	100	100	100
July 25, 2010.....	100	81	57	40	26	100	81	57	40	26
July 25, 2011.....	96	65	42	27	17	96	65	42	27	17
July 25, 2012.....	82	52	31	19	0	82	52	31	19	0
July 25, 2013.....	71	41	23	0	0	71	41	23	0	0
July 25, 2014.....	61	33	17	0	0	61	33	17	0	0
July 25, 2015.....	52	26	0	0	0	52	26	0	0	0
July 25, 2016.....	45	21	0	0	0	45	21	0	0	0
July 25, 2017.....	39	17	0	0	0	39	17	0	0	0
July 25, 2018.....	33	0	0	0	0	33	0	0	0	0
July 25, 2019.....	28	0	0	0	0	28	0	0	0	0
July 25, 2020.....	24	0	0	0	0	24	0	0	0	0
July 25, 2021.....	20	0	0	0	0	20	0	0	0	0
July 25, 2022.....	17	0	0	0	0	17	0	0	0	0
July 25, 2023.....	0	0	0	0	0	0	0	0	0	0
Weighted Average Life to Optional Termination (in years)	10.16	6.82	5.14	4.38	4.06	10.16	6.82	5.13	4.32	3.93
Weighted Average Life to Maturity (in years).....	10.83	7.32	5.51	4.67	4.29	10.77	7.27	5.47	4.58	4.14

<u>Distribution Date</u>	<u>Class MV-7</u>					<u>Class MV-8</u>				
	<u>50%</u>	<u>75%</u>	<u>100%</u>	<u>125%</u>	<u>150%</u>	<u>50%</u>	<u>75%</u>	<u>100%</u>	<u>125%</u>	<u>150%</u>
Initial Percentage.....	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
July 25, 2007.....	100	100	100	100	100	100	100	100	100	100
July 25, 2008.....	100	100	100	100	100	100	100	100	100	100
July 25, 2009.....	100	100	100	100	100	100	100	100	100	100
July 25, 2010.....	100	81	57	40	26	100	81	57	40	26
July 25, 2011.....	96	65	42	27	17	96	65	42	27	17
July 25, 2012.....	82	52	31	19	0	82	52	31	19	0
July 25, 2013.....	71	41	23	0	0	71	41	23	0	0
July 25, 2014.....	61	33	17	0	0	61	33	17	0	0
July 25, 2015.....	52	26	0	0	0	52	26	0	0	0
July 25, 2016.....	45	21	0	0	0	45	21	0	0	0
July 25, 2017.....	39	17	0	0	0	39	17	0	0	0
July 25, 2018.....	33	0	0	0	0	33	0	0	0	0
July 25, 2019.....	28	0	0	0	0	28	0	0	0	0
July 25, 2020.....	24	0	0	0	0	24	0	0	0	0
July 25, 2021.....	20	0	0	0	0	20	0	0	0	0
July 25, 2022.....	17	0	0	0	0	17	0	0	0	0
July 25, 2023.....	0	0	0	0	0	0	0	0	0	0
Weighted Average Life to Optional Termination (in years)	10.16	6.82	5.12	4.28	3.83	10.16	6.82	5.12	4.24	3.76
Weighted Average Life to Maturity (in years).....	10.69	7.20	5.40	4.49	4.00	10.57	7.10	5.32	4.39	3.87

<u>Distribution Date</u>	<u>Class BV</u>				
	<u>50%</u>	<u>75%</u>	<u>100%</u>	<u>125%</u>	<u>150%</u>
Initial Percentage.....	100%	100%	100%	100%	100%
July 25, 2007.....	100	100	100	100	100
July 25, 2008.....	100	100	100	100	100
July 25, 2009.....	100	100	100	100	100
July 25, 2010.....	100	81	57	40	26
July 25, 2011.....	96	65	42	27	17
July 25, 2012.....	82	52	31	19	0
July 25, 2013.....	71	41	23	0	0
July 25, 2014.....	61	33	17	0	0
July 25, 2015.....	52	26	0	0	0
July 25, 2016.....	45	21	0	0	0
July 25, 2017.....	39	17	0	0	0
July 25, 2018.....	33	0	0	0	0
July 25, 2019.....	28	0	0	0	0
July 25, 2020.....	24	0	0	0	0
July 25, 2021.....	20	0	0	0	0
July 25, 2022.....	17	0	0	0	0
July 25, 2023.....	0	0	0	0	0
Weighted Average Life to Optional Termination (in years)	10.16	6.82	5.10	4.21	3.70
Weighted Average Life to Maturity (in years).....	10.39	6.96	5.19	4.27	3.74

LEGAL PROCEEDINGS

There are no legal proceedings against Countrywide Home Loans, the Depositor, the Trustee, the issuing entity or the Master Servicer, or to which any of their respective properties are subject, that is material to the certificateholders, nor is the Depositor aware of any proceedings of this type contemplated by governmental authorities.

MATERIAL FEDERAL INCOME TAX CONSEQUENCES

The following discussion and the discussion in the prospectus under the caption “Material Federal Income Tax Consequences” is the opinion of Sidley Austin LLP (“**Tax Counsel**”) on the anticipated material federal income tax consequences of the purchase, ownership, and disposition of the Offered Certificates. It is based on the current provisions and interpretations of the Internal Revenue Code of 1986, as amended (the “**Code**”) and the accompanying Treasury regulations and on current judicial and administrative rulings. All of these authorities are subject to change and any change can apply retroactively.

For federal income tax purposes, the issuing entity (exclusive of the Credit Comeback Excess Account, the Carryover Reserve Fund and the Pre-Funding Account and the issuing entity’s rights with respect to payments received under the Corridor Contract) will consist of two or more REMICs in a tiered structure. The highest REMIC will be referred to as the “**Master REMIC**,” and each REMIC below the Master REMIC will be referred to as an “**underlying REMIC**.” Each underlying REMIC will issue multiple classes of uncertificated, regular interests (the “**underlying REMIC Regular Interests**”) that will be held by another REMIC above it in the tiered structure. The assets of the lowest underlying REMIC will consist of the Mortgage Loans and any other assets designated in the Pooling and Servicing Agreement. The Master REMIC will issue the Senior Certificates and the Subordinate Certificates (together, excluding the Class A-R Certificate, the “**Regular Certificates**”), which will be designated as regular interests in the Master REMIC. The Class A-R Certificates (also, the “**Residual Certificates**”) will represent the beneficial ownership of the residual interest in each underlying REMIC and the residual interest in the Master REMIC. The assets of the Master REMIC will consist of the underlying REMIC Regular Interests. Aggregate distributions on the underlying REMIC Regular Interests held by the Master REMIC will equal the aggregate distributions on the REMIC regular interests (including the Regular Certificates) issued by the Master REMIC. The swap trust, the Swap Contract and the Swap Account will not constitute any part of any REMIC created under the Pooling and Servicing Agreement.

All classes of the Regular Certificates will be treated as representing interests in REMIC regular interests (the “**REMIC Regular Interest Component**”), entitlement to receive payments of Net Rate Carryover and, in the case of the Swap Certificates, the deemed obligation to make payments with respect to any Swap Termination Payment payable to the Swap Counterparty (the entitlement to payments of Net Rate Carryover and any obligation to make payments with respect to any Swap Termination Payment payable to the Swap Counterparty together, the “**Net Rate Carryover Component**”). Holders of the Regular Certificates (“**Regular Certificateholders**”) must allocate the purchase price for their Regular Certificates between the REMIC Regular Interest Component and the Net Rate Carryover Component.

Depending on the class of a Regular Certificate, potential sources of Net Rate Carryover payments may include one or more of the following: the Corridor Contract, the Swap Contract, Fixed Rate Excess Cashflow and Adjustable Rate Excess Cashflow. Similarly, depending on the class of Regular Certificate, the potential sources for making payments with respect to any Swap Termination Payment payable to the Swap Counterparty may include interest and principal payments otherwise payable on the Regular Certificates. For federal income tax purposes, the trustee intends to treat the rights and the obligations of a Regular Certificateholder with respect to Net Rate Carryover and the Swap Contract as embodied in a single contract (that is, the Net Rate Carryover Component). The remainder of this discussion assumes such treatment is correct.

Upon the issuance of the Certificates, Tax Counsel will deliver its opinion concluding, assuming compliance with the Pooling and Servicing Agreement, for federal income tax purposes, that each REMIC created under the Pooling and Servicing Agreement will qualify as a REMIC within the meaning of Section 860D of the Code, and that the Regular Certificates will represent regular interests in a REMIC. Moreover, Tax Counsel will deliver an opinion concluding that the rights and obligations of the holders of the Regular Certificates with respect

to the Net Rate Carryover Component will represent, for federal income tax purposes, contractual rights and obligations coupled with regular interests within the meaning of Treasury regulations §1.860G-2(i).

Taxation of the REMIC Regular Interest Components of the Regular Certificates

The REMIC Regular Interest Components of the Regular Certificates will be treated as debt instruments issued by the Master REMIC for federal income tax purposes. Income on the REMIC Regular Interest Components of the Regular Certificates must be reported under an accrual method of accounting. Under an accrual method of accounting, interest income may be required to be included in a holder's gross income in advance of the holder's actual receipt of that interest income.

For federal income tax purposes, the amount of interest and principal to be reported with respect to a REMIC Regular Interest Component of a Swap Certificate will be determined with modifications: (1) the Net Rate Cap will be determined without reduction for any Swap Termination Payment due with respect to the Swap Contract and (2) the amount of Net Rate Carryover will be determined as if the Net Rate Cap were not reduced for any Swap Termination Payment due with respect to the Swap Contract. Consequently, the income reportable with respect to a REMIC Regular Interest Component of a Swap Certificate may include income that was used for making payments to the Swap Counterparty.

The REMIC Regular Interest Component of some of the Regular Certificates may be considered to have been issued with original issue discount ("**OID**"). For purposes of determining the amount and rate of accrual of OID and market discount, the trust fund intends to assume that there will be prepayments on the Mortgage Loans at a rate equal to 100% of the Prepayment Model. No representation is made regarding whether the Mortgage Loans will prepay at the foregoing rate or at any other rate. Computing accruals of OID in the manner described in the prospectus may (depending on the actual rate of prepayments during the accrual period) result in the accrual of negative amounts of OID on the certificates issued with OID in an accrual period. Holders will be entitled to offset negative accruals of OID only against future OID accrual on their certificates. See "*Material Federal Income Tax Consequences — Taxation of Debt Securities*" in the prospectus.

If the holders of any Regular Certificates are treated as acquiring their REMIC Regular Interest Components at a premium, the holders are encouraged to consult their tax advisors regarding the election to amortize bond premium and the method to be employed. See "*Material Federal Income Tax Consequences — Taxation of Debt Securities*" in the prospectus.

Taxation of the Net Rate Carryover Components of the Regular Certificates

In General

The following discussions assume that the rights and the obligations, if any, of the holders of the Regular Certificates with respect to the Net Rate Carryover Component will be treated as rights and obligations under a notional principal contract rather than as interests in a partnership for federal income tax purposes. If these rights and obligations were treated as representing interests in an entity taxable as a partnership for federal income tax purposes, then there could be different tax timing consequences to all such certificateholders and different withholding tax consequences on payments to certificateholders who are non-U.S. Persons. Prospective investors in the Regular Certificates are encouraged to consult their tax advisors regarding their appropriate tax treatment.

The Rights and Obligations of the Regular Certificates With Respect to the Net Rate Carryover Component

For tax information reporting purposes, the Trustee (1) will treat the Net Rate Carryover Component of the Regular Certificateholders as rights and obligations to receive and make payments under a notional principal contract and (2) anticipates assuming that these rights and obligations together will have an insubstantial value relative to the value of the REMIC Regular Interest Components of the Regular Certificates. The IRS could, however, successfully argue that the Net Rate Carryover Component of one or more classes of Regular Certificates has a greater value. Similarly, the Trustee could determine that the Net Rate Carryover Component of one or more classes of the Regular Certificates has a greater value. In either case, the REMIC Regular Interest Component of the

Regular Certificates could be viewed as having been issued with either an additional amount of OID (which could cause the total amount of discount to exceed a statutorily defined de minimis amount) or with less premium (which would reduce the amount of premium available to be used as an offset against interest income). See “*Material Federal Income Tax Consequences — Taxation of Debt Securities*” in the prospectus. In addition, the Net Rate Carryover Component could be viewed as having been purchased at a higher cost. These changes could affect the timing and amount of income and deductions on the REMIC Regular Interest Component and Net Rate Carryover Component.

The portion of the overall purchase price of a Regular Certificate attributable to the Net Rate Carryover Component must be amortized over the life of the Certificate, taking into account the declining balance of the related REMIC Regular Interest Component. Treasury regulations concerning notional principal contracts provide alternative methods for amortizing the purchase price of an interest rate cap contract. Under one method — the level yield constant interest method — the price paid for an interest rate cap agreement is amortized over the life of the cap as though it were the principal amount of a loan bearing interest at a reasonable rate. Holders are encouraged to consult their tax advisors concerning the methods that can be employed to amortize the portion of the purchase price paid for the Net Rate Carryover Component of such a Certificate.

Subject to the discussion below under the caption “*Alternative Treatment of Termination-Related Payments*,” any payments received by a holder of a Regular Certificate as Net Rate Carryover will be treated as periodic payments received under a notional principal contract. For any taxable year, to the extent the sum of the periodic payments received exceeds the sum of (1) the amortization of the purchase price of the Net Rate Carryover Component, and (2) in the case of a Swap Certificate, any amount payable on the REMIC Regular Interest Component used to make any Swap Termination Payments, such excess will be ordinary income. Conversely, to the extent the sum of (1) the amortization of the purchase price, and (2) in the case of a Swap Certificate, any amount payable on the REMIC Regular Interest Component used to make any Swap Termination Payments, exceeds the sum of the periodic payments received, such excess will be allowable as an ordinary deduction. In the case of an individual, such deduction will be subject to the 2-percent floor imposed on miscellaneous itemized deductions under section 67 of the Code and may be subject to the overall limitation on itemized deductions imposed under section 68 of the Code. In addition, miscellaneous itemized deductions are not allowed for purposes of computing the alternative minimum tax. **In the case of individuals, these limitations also mean that income payable on the REMIC Regular Interest Component of a Swap Certificate will be includible in gross income but that the use of such income to make a Swap Termination Payment to the Swap Counterparty may not be deductible.**

Alternative Treatment of Termination-Related Payments

Holders of the Swap Certificates have certain rights and obligations with respect to Swap Termination Payments. Because the termination of the Swap Contract does not necessarily mean the termination of the rights and obligations of the Swap Certificateholders, the income tax treatment of the Termination Payments is uncertain. For income tax reporting purposes, the trustee intends to treat any Termination Payment as part of the periodic payments made or received with respect to the Net Rate Carryover Component, and therefore, as part of ordinary income or ordinary deductions with respect to the Net Rate Carryover Component. The IRS, however, could assert that the Termination Payments should be treated as capital gain or loss. The use of any capital loss may be limited. Prospective investors in the Swap Certificates are encouraged to consult their tax advisors regarding the appropriate tax treatment of any Termination Payments.

Dispositions of Regular Certificates

Upon the sale, exchange, or other disposition of a Regular Certificate, the Regular Certificateholder must allocate the amount realized between the REMIC Regular Interest Component and the Net Rate Carryover Component based on the relative fair market values of those components at the time of sale. Assuming that the Regular Certificates are held as “capital assets” within the meaning of Section 1221 of the Code, any gain or loss on the disposition of the Net Rate Carryover Component should result in capital gain or loss and any gain or loss on the disposition of the REMIC Regular Interest Component should result in capital gain or loss. Gain with respect to the REMIC Regular Interest Component, however, will be treated as ordinary income, to the extent it does not exceed the excess (if any) of:

- (1) the amount that would have been includible in the holder's gross income with respect to the REMIC Regular Interest Component had income thereon accrued at a rate equal to 110% of the applicable federal rate as defined in section 1274(d) of the Code determined as of the date of purchase of the Certificate

over

- (2) the amount actually included in the holder's income.

The Pooling and Servicing Agreement will provide that any classes of certificates whose Certificate Principal Balances are reduced to zero with amounts from the applicable Final Maturity Reserve Fund will be treated as sold to the Class CF or Class CV Certificates, as the case may be, for federal income tax purposes.

Tax Treatment For Certain Purposes

As described more fully under “*Material Federal Income Tax Consequences— Taxation of the REMIC and Its Holders*” in the prospectus, the REMIC Regular Interest Components of the Regular Certificates will represent “real estate assets” under Section 856(c)(5)(B) of the Code and qualifying assets under Section 7701(a)(19)(C) of the Code in the same (or greater) proportion that the assets of the issuing entity will be so treated, and income on the REMIC Regular Interest Components of the Regular Certificates will represent “interest on obligations secured by mortgages on real property or on interests in real property” under Section 856(c) (3) (B) of the Code in the same (or greater) proportion that the income on the assets of the issuing entity will be so treated. The Net Rate Carryover Component of the Regular Certificates will not qualify as assets described in Section 7701(a)(19)(C) of the Code or as real estate assets under Section 856(c)(5)(B) of the Code. The REMIC Regular Interest Component of the Regular Certificates (but not the Net Rate Carryover Component) will represent qualifying assets under Section 860G(a)(3) of the Code if acquired by a REMIC within the prescribed time periods of the Code.

Because of the Net Rate Carryover Component of a Regular Certificate (and in particular, in the case of the Swap Certificates, due to the deemed obligation to make Swap Termination Payments), holders of the Regular Certificates are encouraged to consult with their tax advisors before resecuritizing their Regular Certificates in a REMIC.

Residual Certificates

The holders of the Residual Certificates must include the taxable income of each underlying REMIC and the Master REMIC in their federal taxable income. The resulting tax liability of the holders may exceed cash distributions to them during certain periods. All or a portion of the taxable income from a Residual Certificate recognized by a holder may be treated as “excess inclusion” income, which with limited exceptions, cannot be reduced by deductions (including net operating losses) and in all cases, is subject to U.S. federal income tax.

In computing alternative minimum taxable income, the special rule providing that taxable income cannot be less than the sum of the taxpayer's excess inclusions for the year does not apply. However, a taxpayer's alternative minimum taxable income cannot be less than the sum of the taxpayer's excess inclusions for the year. In addition, the amount of any alternative minimum tax net operating loss is determined without regard to any excess inclusions.

Purchasers of a Residual Certificate (that is, one of the Class A-R Certificates) are encouraged to consider carefully the tax consequences of an investment in Residual Certificates discussed in the prospectus and consult their tax advisors with respect to those consequences. See “*Material Federal Income Tax Consequences — Taxation of Holders of Residual Interest Securities*” in the prospectus. In particular, prospective holders of Residual Certificates are encouraged to consult their tax advisors regarding whether a Residual Certificate will be treated as a “noneconomic” residual interest, as a “tax avoidance potential” residual interest, or as both. Among other things, holders of Noneconomic Residual Certificates should be aware of REMIC regulations that govern the treatment of “inducement fees” and that may affect their ability to transfer their Residual Certificates. See “*Material Federal Income Tax Consequences — Taxation of Holders of Residual Interest Securities — Restrictions on Ownership and*

Transfer of Residual Interest Securities — Treatment of Inducement Fees,” and “Material Federal Income Tax Consequences — Tax Treatment of Foreign Investors” in the prospectus.

Additionally, for information regarding Prohibited Transactions and Treatment of Realized Losses, see *“Material Federal Income Tax Consequences — Taxation of the REMIC” in the prospectus.*

As a result of the Economic Growth and Tax Relief Reconciliation Act of 2001 (the “**2001 Act**”), limitations imposed by section 68 of the Code on claiming itemized deductions will be phased-out commencing in 2006, which will affect individuals holding Residual Certificates. In addition, as a result of the Jobs and Growth Tax Reconciliation Act of 2003 (the “**2003 Act**”), the backup withholding rate has been reduced to 28%. Unless they are amended, all provisions of the 2001 Act and the 2003 Act will no longer apply for taxable years beginning on or after December 31, 2010. See *“Material Federal Income Tax Consequences” in the prospectus.* Investors are encouraged to consult their tax advisors with respect to both statutes.

OTHER TAXES

No representations are made regarding the tax consequences of the purchase, ownership or disposition of the Certificates under any state, local or foreign tax law.

All investors are encouraged to consult their tax advisors regarding the federal, state, local or foreign tax consequences of purchasing, owning or disposing of the Certificates.

ERISA CONSIDERATIONS

Section 406 of the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), prohibits “**parties in interest**” with respect to an employee benefit plan or other arrangement subject to ERISA from engaging in certain transactions involving the plan and its assets unless a statutory, regulatory or administrative exemption applies to the transaction. Section 4975 of the Code imposes certain excise taxes on prohibited transactions involving “**disqualified persons**” and employee benefit plans or other arrangements (including, but not limited to, individual retirement accounts) described under that section (collectively with employee benefit plans subject to ERISA, “**Plans**”); ERISA authorizes the imposition of civil penalties for prohibited transactions involving Plans not covered under Section 4975 of the Code. Any Plan fiduciary which proposes to cause a Plan to acquire the Offered Certificates (directly or indirectly through investment by an entity or account holding assets of the Plan) are encouraged to consult with its counsel with respect to the potential consequences under ERISA and the Code of the Plan’s acquisition and ownership of Offered Certificates. See *“ERISA Considerations” in the prospectus.*

Certain employee benefit plans, including governmental plans and certain church plans, are not subject to ERISA’s requirements. Accordingly, assets of these plans may be invested in the Offered Certificates without regard to the ERISA considerations described in this prospectus supplement and in the prospectus, subject to the provisions of other applicable federal and state law. Any plan of this type which is qualified and exempt from taxation under Sections 401(a) and 501(a) of the Code may be subject to the prohibited transaction rules set forth in Section 503 of the Code.

Investments by Plans or with assets of Plans that are subject to ERISA must satisfy ERISA’s general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that a Plan’s investments be made in accordance with the documents governing the Plan. A fiduciary which decides to invest the assets of a Plan in the Offered Certificates should consider, among other factors, the extreme sensitivity of the investments to the rate of principal payments (including prepayments) on the Mortgage Loans. It is anticipated that the Certificates will constitute “equity interests” in the issuing entity and the reserve fund trust and, in the case of the Swap Certificates, in the swap trust, for the purpose of the Plan Assets Regulation.

The U.S. Department of Labor has granted to one or more of the underwriters substantially identical administrative exemptions (collectively, the “**Exemption**”) from certain of the prohibited transaction rules of ERISA and the related excise tax provisions of Section 4975 of the Code with respect to the initial purchase, the holding and the subsequent resale by Plans of securities, including certificates, issued by entities that hold investment pools

consisting of certain receivables, loans and other obligations and the servicing, operation and management of these entities, provided that the conditions and requirements of the Exemption, including the requirement that an investing Plan be an “accredited investor” as defined in Rule 501(a)(1) of Regulation D under the Securities Act of 1933, as amended, are met. The Exemption extends exemptive relief to certificates, including subordinate certificates, rated in the four highest generic rating categories in certain designated transactions when the conditions of the Exemption are met.

The Exemption provides exemptive relief to certain mortgage-backed and asset-backed securities transactions using a pre-funding account. Mortgage loans or other secured receivables supporting payments to certificateholders, and having a value equal to no more than twenty-five percent (25%) of the total principal amount of the certificates being offered by the entity, may be transferred to the entity within a 90-day or three-month period following the closing date, instead of being required to be either identified or transferred on or before the closing date. The relief is available when the pre-funding arrangements satisfy certain conditions.

For a general description of the Exemption and the conditions that must be met for the Exemption to apply, see “ERISA Considerations” in the prospectus.

Except as provided below with respect to the Swap Contract and the Final Maturity Reserve Funds, it is expected that the Exemption will apply to the acquisition and holding of the Offered Certificates (other than the Class A-R Certificates) by Plans and that all conditions of the Exemption other than those within the control of the investors will be met. In addition, as of the date hereof, there is no single borrower that is the obligor on five percent (5%) of the Mortgage Loans included in the issuing entity by aggregate unamortized principal balance of the assets of the issuing entity.

The rating of a Certificate may change. If a class of Certificates no longer has a rating of at least BBB- or its equivalent from at least one Rating Agency, Certificates of that class will no longer be eligible for relief under the Exemption (although a Plan that had purchased the security when it had a permitted rating would not be required by the Exemption to dispose of it). An Offered Certificate that satisfies the requirements of the Exemption other than the rating requirement may be eligible for purchase by an insurance company general account that includes plan assets in reliance on Sections I and III of Prohibited Transaction Class Exemption 95-60.

The Swap Contract does not meet all of the requirements for an “eligible swap” under the Exemption and the Final Maturity Reserve Funds are not permitted assets under the Exemption. Consequently, the Swap Contract and the Final Maturity Reserve Funds have not been included in the issuing entity. For ERISA purposes, an interest in an Offered Certificate (other than a Class A-R Certificate) should represent a beneficial interest in two or more assets: (i) the right to receive payments from the issuing entity with respect to the applicable class and without taking into account payments made or received with respect to the Swap Contract or a Final Maturity Reserve Fund, and (ii) the right to receive payments from the applicable Final Maturity Reserve Fund (and, in the case of a Swap Certificate, payments derived from the Swap Contract). A Plan’s purchase and holding of an Offered Certificate (other than a Class A-R Certificate) could constitute or otherwise result in a prohibited transaction under ERISA and Section 4975 of the Code unless an exemption is available.

Accordingly, no Plan or other person using assets of a Plan may acquire or hold any interest in an Offered Certificate, unless, in addition to satisfying the conditions, above, of the Exemption, such acquisition and holding are eligible for the exemptive relief available under Department of Labor Prohibited Transaction Class Exemption (“PTCE”) 84-14 (for transactions effected by independent “qualified professional asset managers”, PTCE 90-1 (for transactions by insurance company pooled separate accounts), PTCE 91-38 (for transactions by bank collective investment funds), PTCE 95-60 (for transactions by insurance company general accounts), or PTCE 96-23 (for transactions effected by “in-house asset managers”) (collectively, the “Investor-Based Exemptions”) or a similar exemption. It should be noted, however, that even if the conditions specified in one or more Investor-Based Exemptions are met, the scope of relief may not necessarily cover all acts that might be construed as prohibited transactions. Plan fiduciaries should consult legal counsel concerning these issues.

Each beneficial owner of an Offered Certificate (other than a Class A-R Certificate) or any interest in such a Certificate, by its acceptance and holding of such Certificate or interest therein, will be deemed to have represented that either (i) it is not a Plan or a person investing plan assets in such Certificate, or (ii) its acquisition

and holding of such Certificate are eligible for the exemptive relief available under at least one of the Investor-Based Exemptions.

The Class A-R Certificates do not meet the requirements of the Exemption or any comparable individual administrative exemption granted to any underwriter. Consequently, the Class A-R Certificates may be transferred only if the Trustee receives:

- **a representation from the transferee of the Certificate, acceptable to and in form and substance satisfactory to the Trustee, that the transferee is not a Plan, or a person acting on behalf of a Plan or using a Plan's assets to effect the transfer; or**
- **an opinion of counsel satisfactory to the Trustee that the purchase and holding of the Certificate by a Plan, or a person acting on behalf of a Plan or using a Plan's assets, will not result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code and will not subject the Trustee or the Master Servicer to any obligation in addition to those undertaken in the Pooling and Servicing Agreement.**

If the representation is not true, or any attempt to transfer to a Plan or a person acting on behalf of a Plan or using the Plan's assets is initiated without the required opinion of counsel, the attempted transfer or acquisition shall be void.

Prospective Plan investors are encouraged to consult with their legal advisors concerning the impact of ERISA and the Code, the effect of the Plan Assets Regulation, the applicability of the Exemption, and the potential consequences in their specific circumstances, prior to making an investment in the Offered Certificates. Moreover, each Plan fiduciary should determine whether under the general fiduciary standards of investment prudence and diversification, an investment in the in the issuing entity (and, in the case of the Swap Certificates, in rights to payments received from the Swap Contract) represented by an interest in the offered certificates is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio.

The sale of the Offered Certificates to a Plan is in no respect a representation by the issuing entity or any underwriter of the Certificates that this investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that this investment is appropriate for Plans generally or any particular Plan.

METHOD OF DISTRIBUTION

Subject to the terms and conditions set forth in the Underwriting Agreement among the Depositor, Countrywide Securities Corporation (an affiliate of the Depositor, the Sellers and the Master Servicer), Bear, Stearns & Co. Inc. and Lehman Brothers Inc. (collectively, the “*Underwriters*”), the Depositor has agreed to sell the Offered Certificates (other than the Class A-R Certificates) (the “*Underwritten Certificates*”) to the Underwriters, and each Underwriter has severally agreed to purchase from the Depositor the initial Certificate Principal Balance of each class of Underwritten Certificates set forth under its name below.

<u>Class</u>	<u>Countrywide Securities Corporation</u>	<u>Bear, Stearns & Co. Inc.</u>	<u>Lehman Brothers Inc.</u>
Class 1-AF-1	\$ 115,421,400	\$ 6,412,300	\$ 6,412,300
Class 1-AF-2	\$ 28,149,300	\$ 1,563,850	\$ 1,563,850
Class 1-AF-3	\$ 82,665,900	\$ 4,592,550	\$ 4,592,550
Class 1-AF-4	\$ 61,046,100	\$ 3,391,450	\$ 3,391,450
Class 1-AF-5	\$ 70,129,800	\$ 3,896,100	\$ 3,896,100
Class 1-AF-6	\$ 40,500,000	\$ 2,250,000	\$ 2,250,000
Class 2-AV	\$ 399,884,000	\$ 0	\$ 0
Class 3-AV-1	\$ 213,575,400	\$ 11,865,300	\$ 11,865,300
Class 3-AV-2	\$ 214,446,600	\$ 11,913,700	\$ 11,913,700
Class 3-AV-3	\$ 53,942,400	\$ 2,996,800	\$ 2,996,800
Class MV-1	\$ 43,740,000	\$ 2,430,000	\$ 2,430,000
Class MV-2	\$ 37,260,000	\$ 2,070,000	\$ 2,070,000
Class MV-3	\$ 22,140,000	\$ 1,230,000	\$ 1,230,000
Class MV-4	\$ 19,980,000	\$ 1,110,000	\$ 1,110,000
Class MV-5	\$ 18,900,000	\$ 1,050,000	\$ 1,050,000
Class MV-6	\$ 17,820,000	\$ 990,000	\$ 990,000
Class MV-7	\$ 16,740,000	\$ 930,000	\$ 930,000
Class MV-8	\$ 15,120,000	\$ 840,000	\$ 840,000
Class BV	\$ 10,800,000	\$ 600,000	\$ 600,000
Total	\$ 1,482,260,900	\$ 60,132,050	\$ 60,132,050

The Depositor has been advised by each Underwriter that it proposes initially to offer the Underwritten Certificates to certain dealers at the prices set forth on the cover page less a selling concession not to exceed the percentage of the Certificate denomination set forth below, and that each Underwriter may allow, and the dealers may realow, a realowance discount not to exceed the percentage of the Certificate denomination set forth below:

<u>Class</u>	<u>Selling Concession</u>	<u>Reallowance Discount</u>
Class 1-AF-1	0.03125%	0.01563%
Class 1-AF-2	0.06250%	0.03125%
Class 1-AF-3	0.12500%	0.06250%
Class 1-AF-4	0.15625%	0.07813%
Class 1-AF-5	0.25000%	0.12500%
Class 1-AF-6	0.18750%	0.09375%
Class 2-AV	0.03125%	0.01563%
Class 3-AV-1	0.03125%	0.01563%
Class 3-AV-2	0.06250%	0.03125%
Class 3-AV-3	0.06250%	0.03125%
Class MV-1	0.09375%	0.04688%
Class MV-2	0.25000%	0.12500%
Class MV-3	0.50000%	0.25000%
Class MV-4	0.62000%	0.31000%
Class MV-5	0.65500%	0.32750%
Class MV-6	0.70000%	0.35000%
Class MV-7	1.44400%	0.72200%
Class MV-8	1.75000%	0.87500%
Class BV	1.75000%	0.87500%

After the initial public offering, the public offering prices, the concessions and the discounts may be changed.

The Depositor has been advised by each Underwriter that it intends to make a market in the Underwritten Certificates purchased by it, but no Underwriter has any obligation to do so. We cannot assure you that a secondary market for the Underwritten Certificates (or any particular class thereof) will develop or, if it does develop, that it will continue or that this market will provide sufficient liquidity to certificateholders.

Until the distribution of the Underwritten Certificates is completed, the rules of the SEC may limit the ability of the Underwriters and certain selling group members to bid for and purchase the Underwritten Certificates. As an exception to these rules, the Underwriters are permitted to engage in certain transactions that stabilize the price of the Underwritten Certificates. The transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Underwritten Certificates.

In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of the purchases.

Neither the Depositor nor any of the Underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the prices of the Underwritten Certificates. In addition, neither the Depositor nor any of the Underwriters makes any representation that the Underwriters will engage in these transactions or that the transactions, once commenced, will not be discontinued without notice.

The Depositor has agreed to indemnify the Underwriters against, or make contributions to the Underwriters with respect to, certain liabilities, including liabilities under the Securities Act of 1933, as amended (the “*Securities Act*”).

Lehman Brothers Inc. is an affiliate of the Swap Counterparty and the Swap Guarantor.

The Class A-R Certificates will not be purchased by the Underwriters but will be transferred to Countrywide Home Loans on the Closing Date as partial consideration for the sale of the Mortgage Loans to the Depositor. The Class A-R Certificates may be offered by Countrywide Home Loans (or an affiliate) or the Depositor from time to time directly or through underwriters or agents (either of which may include Countrywide Securities Corporation) in one or more negotiated transactions, or otherwise, at varying prices to be determined at the time of sale, in one or more separate transactions at prices to be negotiated at the time of each sale. Any underwriters or agents that participate in the distribution of the Class A-R Certificates may be deemed to be “underwriters” within the meaning of the Securities Act and any profit on the sale of the certificates by them and any discounts, commissions, concessions or other compensation received by any of them may be deemed to be underwriting discounts and commissions under the Securities Act.

USE OF PROCEEDS

It is expected that the proceeds to the Depositor from the sale of the Underwritten Certificates will be approximately \$1,598,516,942, before deducting issuance expenses payable by the Depositor, estimated to be approximately \$1,025,000. The Depositor will apply the net proceeds of the sale of the Offered Certificates against the purchase price of the Initial Mortgage Loans on the Closing Date and to deposit the Pre-Funded Amount, if any, in the Pre-Funding Account.

LEGAL MATTERS

The validity of the Certificates, including certain federal income tax consequences with respect thereto, will be passed upon for the Depositor by Sidley Austin LLP, New York, New York. Certain legal matters will be passed upon for the Underwriters by McKee Nelson LLP.

EXPERTS

The consolidated financial statements of Ambac Assurance Corporation and subsidiaries as of December 31, 2005 and 2004, and for each of the years in the three-year period ended December 31, 2005, are incorporated by reference in this prospectus supplement and in the registration statement in reliance upon the report of KPMG LLP, independent registered public accounting firm, incorporated by reference in this prospectus supplement, and in the registration statement upon the authority of that firm as experts in accounting and auditing. The report of KPMG LLP refers to changes, in 2003, in Ambac Assurance Corporation’s methods of accounting for variable interest entities and stock-based compensation.

RATINGS

It is a condition of the issuance of the Offered Certificates that each class of Offered Certificates set forth below be assigned the ratings at least as high as those designated below by Moody's Investors Service, Inc. ("**Moody's**") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**") and together with Moody's, the "**Rating Agencies**").

Class	Moody's Rating	S&P Rating	Class	Moody's Rating	S&P Rating
1-AF-1	Aaa	AAA	3-AV-3	Aaa	AAA
1-AF-2	Aaa	AAA	MV-1	Aa1	AA+
1-AF-3	Aaa	AAA	MV-2	Aa2	AA
1-AF-4	Aaa	AAA	MV-3	Aa3	AA
1-AF-5	Aaa	AAA	MV-4	A1	AA-
1-AF-6	Aaa	AAA	MV-5	A2	A+
A-R	Aaa	AAA	MV-6	A3	A
2-AV	Aaa	AAA	MV-7	Baa1	BBB+
3-AV-1	Aaa	AAA	MV-8	Baa2	BBB
3-AV-2	Aaa	AAA	BV	Baa2	BBB-

The ratings assigned to the Class A-R Certificates only address the return of its Certificate Principal Balance. The Depositor has requested that each Rating Agency maintain ongoing surveillance of the ratings assigned to the Offered Certificates in accordance with the Rating Agency's policy, but we cannot assure you that a Rating Agency will continue its surveillance of the ratings assigned to the Offered Certificates. The ratings assigned to the Class 1-AF Certificates will be issued based on the financial strength rating of the Class 1-AF Insurer.

The security ratings assigned to the Offered Certificates should be evaluated independently from similar ratings on other types of securities. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the Rating Agencies. The ratings on the Offered Certificates do not, however, constitute statements regarding the likelihood or frequency of prepayments on the Mortgage Loans, the payment of Net Rate Carryover, any payments under the Corridor Contract or the anticipated yields in light of prepayments.

The Depositor has not requested a rating of any Offered Certificates by any rating agency other than Moody's and S&P. However, we cannot assure you as to whether any other rating agency will rate the Offered Certificates or, if it does, what ratings would be assigned by another rating agency. The ratings assigned by another rating agency to the Offered Certificates could be lower than the respective ratings assigned by the Rating Agencies.

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THE STATISTICAL CALCULATION POOL

The following information sets forth in tabular format certain information, as of the Statistical Calculation Date, about the Mortgage Loans included in the Statistical Calculation Pool in respect of Loan Group 1, Loan Group 2, Loan Group 3 and Loan Group 2 and Loan Group 3 as a whole. Other than with respect to rates of interest, percentages are approximate. In addition, the percentages in the column entitled “Percent of Aggregate Principal Balance Outstanding” are stated by that portion of the Statistical Calculation Date Pool Principal Balance representing Loan Group 1, Loan Group 2, Loan Group 3 or Loan Group 2 and Loan Group 3 as a whole. The sum of the columns below may not equal the total indicated due to rounding. In addition, each weighted average Credit Bureau Risk Score set forth below has been calculated without regard to any Mortgage Loan for which the Credit Bureau Risk Score is unknown.

GROUP 1 MORTGAGE LOANS

Mortgage Loan Programs for the Group 1 Mortgage Loans in the Statistical Calculation Pool

Mortgage Loan Program	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
15-Year Fixed.....	53	\$ 6,844,407	1.33%	\$ 129,140	7.521%	179.45	606	65.6%
15-Year Fixed – Credit Comeback.....	12	1,684,136	0.33	140,345	8.331	179.41	585	63.6
20-Year Fixed.....	4	357,747	0.07	89,437	8.545	239.11	614	80.8
30-Year Fixed.....	1,452	284,747,067	55.35	196,107	7.506	359.41	623	72.9
30-Year Fixed – Credit Comeback.....	391	75,361,002	14.65	192,739	8.281	359.60	606	76.1
40-Year Fixed.....	317	75,817,099	14.74	239,171	7.481	479.04	615	75.5
40-Year Fixed – Credit Comeback.....	101	30,531,122	5.93	302,288	7.919	479.38	623	77.7
30-Year Fixed –60-month Interest Only.....	143	38,879,748	7.56	271,886	7.262	359.70	637	79.0
30/15 Fixed Balloon.....	1	225,000	0.04	225,000	7.000	180.00	614	45.9
Total/Avg./Wtd. Avg.....	2,474	\$ 514,447,329	100.00%					

Original Terms to Stated Maturity for the Group 1 Mortgage Loans in the Statistical Calculation Pool

Original Term (months)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
Fixed 180.....	66	\$ 8,753,543	1.70%	\$ 132,629	7.664%	179.46	602	64.7%
Fixed 240.....	4	357,747	0.07	89,437	8.545	239.11	614	80.8
Fixed 360.....	1,986	398,987,818	77.56	200,900	7.629	359.48	621	74.1
Fixed 480.....	418	106,348,221	20.67	254,422	7.607	479.14	617	76.1
Total/Avg./Wtd. Avg.....	2,474	\$ 514,447,329	100.00%					

**Mortgage Loan Principal Balances for the Group 1 Mortgage Loans
in the Statistical Calculation Pool**

Range of Mortgage Loan Principal Balances (\$)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
25,000.01 - 50,000.00	13	\$ 629,667	0.12%	\$ 48,436	9.399%	311.89	577	56.2%
50,000.01 - 75,000.00	126	7,997,630	1.55	63,473	9.728	337.95	595	75.6
75,000.01 - 100,000.00	241	21,343,490	4.15	88,562	8.652	358.54	594	74.7
100,000.01 - 150,000.00	592	73,905,721	14.37	124,841	8.312	370.04	599	73.8
150,000.01 - 200,000.00	487	85,966,871	16.71	176,523	7.745	373.87	609	73.4
200,000.01 - 250,000.00	312	69,997,557	13.61	224,351	7.601	382.60	618	73.7
250,000.01 - 300,000.00	250	68,419,058	13.30	273,676	7.343	383.89	626	73.9
300,000.01 - 350,000.00	154	50,118,531	9.74	325,445	7.381	391.24	618	75.0
350,000.01 - 400,000.00	107	40,119,120	7.80	374,945	7.262	390.39	632	75.7
400,000.01 - 450,000.00	71	30,276,264	5.89	426,426	7.266	398.32	636	77.0
450,000.01 - 500,000.00	56	26,674,286	5.19	476,327	6.893	394.20	652	75.8
500,000.01 - 550,000.00	23	12,091,408	2.35	525,713	7.241	411.17	640	80.1
550,000.01 - 600,000.00	22	12,716,534	2.47	578,024	6.742	362.05	652	67.8
600,000.01 - 650,000.00	8	5,082,033	0.99	635,254	7.435	405.17	665	75.9
650,000.01 - 700,000.00	2	1,369,518	0.27	684,759	7.701	359.51	647	70.8
700,000.01 - 750,000.00	7	5,175,589	1.01	739,370	6.875	375.83	676	69.0
750,000.01 - 800,000.00	1	794,052	0.15	794,052	6.650	359.00	645	85.0
800,000.01 - 850,000.00	1	832,500	0.16	832,500	6.250	360.00	755	90.0
Greater than 900,000.00	1	937,500	0.18	937,500	7.500	480.00	589	75.0
Total/Avg./Wtd. Avg.....	<u>2,474</u>	<u>\$ 514,447,329</u>	<u>100.00%</u>					

**State Distribution of the Mortgaged Properties for the Group 1 Mortgage Loans
in the Statistical Calculation Pool**

State	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
Alabama.....	41	\$ 4,661,547	0.91%	\$ 113,696	8.949%	355.46	586	84.6%
Alaska.....	5	1,255,693	0.24	251,139	8.000	349.49	580	80.6
Arizona.....	81	15,279,832	2.97	188,640	7.667	385.51	613	73.1
Arkansas.....	10	1,091,086	0.21	109,109	8.672	359.88	619	85.2
California.....	567	173,256,652	33.68	305,567	6.969	395.06	643	70.5
Colorado.....	20	4,663,803	0.91	233,190	7.187	387.38	660	78.9
Connecticut.....	33	7,212,081	1.40	218,548	7.909	361.53	608	73.4
Delaware.....	8	1,561,049	0.30	195,131	8.486	348.21	597	82.4
District of Columbia.....	2	424,482	0.08	212,241	6.691	358.59	571	60.4
Florida.....	333	61,466,013	11.95	184,583	7.679	371.14	608	73.2
Georgia.....	58	9,216,174	1.79	158,900	8.517	368.97	612	81.9
Hawaii.....	23	6,938,521	1.35	301,675	6.950	388.54	643	73.1
Idaho.....	19	2,978,970	0.58	156,788	7.856	376.71	637	79.3
Illinois.....	67	12,063,107	2.34	180,046	8.325	363.42	588	77.0
Indiana.....	18	1,891,352	0.37	105,075	9.023	352.74	598	82.0
Iowa.....	10	1,243,158	0.24	124,316	8.948	369.31	594	78.8
Kansas.....	9	1,573,615	0.31	174,846	8.661	368.86	608	78.4
Kentucky.....	10	1,083,053	0.21	108,305	8.396	328.57	611	81.6
Louisiana.....	24	2,717,379	0.53	113,224	8.740	364.33	599	79.5
Maine.....	18	2,448,915	0.48	136,051	7.539	383.14	605	79.4
Maryland.....	60	12,204,297	2.37	203,405	7.994	386.56	596	75.7
Massachusetts.....	53	12,648,920	2.46	238,659	7.634	395.12	588	71.2
Michigan.....	31	3,681,455	0.72	118,757	9.297	363.60	590	81.8
Minnesota.....	21	3,207,061	0.62	152,717	8.252	378.93	614	79.0
Mississippi.....	9	875,514	0.17	97,279	8.778	351.48	615	83.1
Missouri.....	36	4,490,862	0.87	124,746	8.366	366.51	601	80.9
Montana.....	5	724,884	0.14	144,977	8.146	359.92	610	74.5
Nebraska.....	5	448,832	0.09	89,766	9.299	384.27	582	83.7
Nevada.....	44	10,362,536	2.01	235,512	7.560	389.85	619	77.3
New Hampshire.....	22	4,779,219	0.93	217,237	7.224	359.49	610	74.5
New Jersey.....	48	10,352,037	2.01	215,667	8.466	372.21	599	73.7
New Mexico.....	19	3,194,597	0.62	168,137	8.639	348.75	582	74.8
New York.....	115	30,483,517	5.93	265,074	7.667	379.05	603	71.3
North Carolina.....	27	4,161,939	0.81	154,146	8.634	340.29	610	79.1
Ohio.....	34	4,103,136	0.80	120,680	8.419	386.80	604	83.0
Oklahoma.....	19	2,301,267	0.45	121,119	9.050	364.90	605	82.4
Oregon.....	49	9,605,433	1.87	196,029	7.841	394.86	625	80.4
Pennsylvania.....	64	9,153,840	1.78	143,029	8.486	369.00	602	79.7
Rhode Island.....	3	395,902	0.08	131,967	7.106	324.49	561	63.7
South Carolina.....	9	1,128,823	0.22	125,425	8.728	359.33	615	78.3
South Dakota.....	1	114,400	0.02	114,400	8.000	360.00	641	63.6
Tennessee.....	41	6,490,884	1.26	158,314	8.461	363.33	617	83.7
Texas.....	196	26,139,547	5.08	133,365	8.390	356.28	609	80.0
Utah.....	18	3,099,060	0.60	172,170	7.856	398.63	608	82.9
Vermont.....	8	1,152,591	0.22	144,074	8.171	381.62	619	77.0
Virginia.....	73	15,594,298	3.03	213,621	7.484	383.77	614	74.4
Washington.....	77	16,840,313	3.27	218,705	7.552	386.11	627	77.5
West Virginia.....	12	1,168,116	0.23	97,343	9.788	385.94	603	84.7
Wisconsin.....	12	1,712,608	0.33	142,717	8.543	340.08	600	80.9
Wyoming.....	7	804,961	0.16	114,994	8.625	378.40	623	79.6
Total/Avg./Wtd. Avg.....	2,474	\$ 514,447,329	100.00%					

**Loan-to-Value Ratios for the Group 1 Mortgage Loans
in the Statistical Calculation Pool**

Range of Loan-to-Value Ratios (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
50.00 or Less	186	\$ 31,530,654	6.13%	\$ 169,520	7.268%	362.84	624	41.0%
50.01 - 55.00	104	20,903,718	4.06	200,997	7.193	384.76	606	52.5
55.01 - 60.00	126	25,280,704	4.91	200,641	7.073	365.47	611	57.6
60.01 - 65.00	179	41,358,791	8.04	231,055	7.081	376.58	621	63.1
65.01 - 70.00	233	52,789,506	10.26	226,564	7.415	377.03	614	68.3
70.01 - 75.00	273	62,881,238	12.22	230,334	7.457	387.38	616	73.5
75.01 - 80.00	594	119,184,066	23.17	200,647	7.739	382.95	625	79.1
80.01 - 85.00	289	63,669,792	12.38	220,311	7.864	385.48	613	84.0
85.01 - 90.00	362	77,516,531	15.07	214,134	7.931	386.46	627	89.3
90.01 - 95.00	80	13,392,342	2.60	167,404	8.768	388.56	622	94.1
95.01 - 100.00	48	5,939,988	1.15	123,750	9.408	359.16	639	99.8
Total/Avg./Wtd. Avg.....	2,474	\$ 514,447,329	100.00%					

**Current Mortgage Rates for the Group 1 Mortgage Loans
in the Statistical Calculation Pool**

Range of Current Mortgage Rates (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
5.501 – 6.000	73	\$ 23,001,494	4.47%	\$ 315,089	5.997%	371.37	710	65.7%
6.001 – 6.500	235	70,933,663	13.79	301,845	6.312	385.03	668	69.3
6.501 – 7.000	372	92,705,645	18.02	249,209	6.821	375.64	623	71.2
7.001 – 7.500	362	79,957,154	15.54	220,876	7.355	384.74	615	73.1
7.501 – 8.000	523	108,462,576	21.08	207,385	7.797	384.89	612	76.3
8.001 – 8.500	279	50,359,670	9.79	180,501	8.312	382.07	600	78.8
8.501 – 9.000	225	36,437,093	7.08	161,943	8.774	383.91	591	79.3
9.001 – 9.500	130	18,087,925	3.52	139,138	9.329	372.62	581	78.8
9.501 – 10.000	100	13,123,533	2.55	131,235	9.805	367.45	584	80.9
10.001 – 10.500	56	6,804,655	1.32	121,512	10.317	373.63	557	78.4
10.501 – 11.000	50	6,446,892	1.25	128,938	10.828	367.55	563	80.6
11.001 – 11.500	29	4,070,321	0.79	140,356	11.332	398.18	553	80.6
11.501 – 12.000	24	2,434,848	0.47	101,452	11.805	372.43	585	85.2
12.001 – 12.500	8	958,091	0.19	119,761	12.258	398.68	566	90.4
12.501 – 13.000	5	479,219	0.09	95,844	12.733	359.76	561	93.3
13.001 – 13.500	1	60,800	0.01	60,800	13.500	360.00	587	95.0
13.501 – 14.000	1	52,500	0.01	52,500	14.000	360.00	642	100.0
Greater than 14.000.....	1	71,250	0.01	71,250	14.900	360.00	542	95.0
Total/Avg./Wtd. Avg.....	2,474	\$ 514,447,329	100.00%					

**Types of Mortgaged Properties for the Group 1 Mortgage Loans
in the Statistical Calculation Pool**

Mortgaged Property Type	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
Single Family Residence.....	2,007	\$ 409,384,559	79.58%	\$ 203,978	7.618%	379.54	620	74.4%
Planned Unit Development....	298	68,986,233	13.41	231,497	7.601	386.57	621	76.1
Low-Rise Condominium.....	95	17,796,443	3.46	187,331	7.647	385.49	630	73.9
Two Family Home.....	44	10,205,851	1.98	231,951	7.842	392.18	592	65.7
Three Family Home.....	11	3,226,456	0.63	293,314	7.879	376.05	631	67.6
Four Family Home.....	7	1,966,437	0.38	280,920	7.668	393.77	598	68.2
Manufactured Housing ⁽¹⁾	8	1,672,914	0.33	209,114	8.447	386.82	633	72.1
High-Rise Condominium.....	4	1,208,437	0.23	302,109	7.534	408.19	642	70.0
Total/Avg./Wtd. Avg.....	2,474	\$ 514,447,329	100.00%					

⁽¹⁾ Treated as real property.

**Loan Purposes for the Group 1 Mortgage Loans
in the Statistical Calculation Pool**

Loan Purpose	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
Refinance – Cash Out	1,962	\$ 424,775,435	82.57%	\$ 216,501	7.543%	381.39	616	73.3%
Purchase.....	281	49,017,020	9.53	174,438	8.333	381.87	646	82.0
Refinance – Rate/Term	231	40,654,874	7.90	175,995	7.627	376.72	632	75.6
Total/Avg./Wtd. Avg.....	<u>2,474</u>	<u>\$ 514,447,329</u>	<u>100.00%</u>					

**Occupancy Types for the Group 1 Mortgage Loans
in the Statistical Calculation Pool⁽¹⁾**

Occupancy Type	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
Owner Occupied	2,404	\$ 504,388,114	98.04%	\$ 209,812	7.609%	381.24	620	74.3%
Investment Property	56	7,820,322	1.52	139,649	8.415	370.89	651	76.2
Second Home.....	14	2,238,893	0.44	159,921	8.474	377.62	619	71.0
Total/Avg./Wtd. Avg.....	<u>2,474</u>	<u>\$ 514,447,329</u>	<u>100.00%</u>					

⁽¹⁾ Based on representations by the Mortgagors at the time of origination of the related Mortgage Loans.

**Remaining Terms to Stated Maturity for the Group 1 Mortgage Loans
in the Statistical Calculation Pool**

Range of Remaining Terms (months)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
121 – 180	66	\$ 8,753,543	1.70%	\$ 132,629	7.664%	179.46	602	64.7%
181 – 300	4	357,747	0.07	89,437	8.545	239.11	614	80.8
301 – 360	1,987	399,184,974	77.59	200,898	7.629	359.48	621	74.1
Greater than 360	417	106,151,065	20.63	254,559	7.605	479.36	617	76.1
Total/Avg./Wtd. Avg.....	<u>2,474</u>	<u>\$ 514,447,329</u>	<u>100.00%</u>					

**Loan Documentation Types for the Group 1 Mortgage Loans
in the Statistical Calculation Pool**

Loan Documentation Type	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
Full Documentation	1,875	\$ 379,153,390	73.70%	\$ 202,215	7.502%	381.93	619	75.5%
Stated Income	599	135,293,939	26.30	225,866	7.970	378.66	622	71.2
Total/Avg./Wtd. Avg.....	<u>2,474</u>	<u>\$ 514,447,329</u>	<u>100.00%</u>					

**Credit Bureau Risk Scores⁽¹⁾ for the Group 1 Mortgage Loans
in the Statistical Calculation Pool**

Range of Credit Bureau Risk Scores	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
801 – 820	4	\$ 840,464	0.16%	\$ 210,116	6.311%	359.93	805	62.2%
781 – 800	22	7,995,532	1.55	363,433	6.203	374.64	791	68.3
761 – 780	27	7,716,073	1.50	285,780	6.581	403.75	768	66.7
741 – 760	28	9,804,263	1.91	350,152	6.386	373.98	750	74.1
721 – 740	28	8,292,094	1.61	296,146	6.668	372.82	729	75.3
701 – 720	55	14,312,460	2.78	260,227	6.844	385.28	710	72.5
681 – 700	84	20,676,542	4.02	246,149	6.930	380.81	690	72.9
661 – 680	174	42,139,601	8.19	242,182	7.196	384.64	670	77.0
641 – 660	268	59,619,043	11.59	222,459	7.411	377.09	650	77.5
621 – 640	319	68,718,601	13.36	215,419	7.530	383.19	630	75.8
601 – 620	370	73,181,748	14.23	197,789	7.611	377.14	610	75.6
581 – 600	345	65,267,312	12.69	189,181	7.835	380.03	591	75.5
561 – 580	269	50,018,508	9.72	185,942	8.009	382.12	571	74.2
541 – 560	249	45,942,426	8.93	184,508	8.189	389.35	551	70.2
521 – 540	130	23,255,716	4.52	178,890	8.696	378.55	530	69.8
501 – 520	102	16,666,945	3.24	163,401	8.878	374.92	511	68.2
Total/Avg./Wtd. Avg.....	<u>2,474</u>	<u>\$ 514,447,329</u>	<u>100.00%</u>					

⁽¹⁾ The Credit Bureau Risk Scores referenced in this table with respect to substantially all of the Group 1 Mortgage Loans were obtained by the respective originators from one or more credit reporting agencies, and were determined at the time of origination.

**Credit Grade Categories for the Group 1 Mortgage Loans
in the Statistical Calculation Pool**

Credit Grade Category	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
A	1,790	\$ 384,668,433	74.77%	\$ 214,899	7.517%	381.59	630	75.3%
A-	137	28,782,441	5.59	210,091	7.788	384.01	590	73.1
B	244	46,906,904	9.12	192,241	7.971	381.94	587	71.9
C	173	32,445,631	6.31	187,547	8.001	377.48	587	69.1
C-	117	20,074,670	3.90	171,578	7.981	374.26	598	72.5
D	13	1,569,251	0.31	120,712	8.623	334.84	582	60.0
Total/Avg./Wtd. Avg.	2,474	\$ 514,447,329	100.00%					

**Prepayment Penalty Periods for the Group 1 Mortgage Loans
in the Statistical Calculation Pool**

Prepayment Penalty Period (months)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
0	482	\$ 84,046,247	16.34%	\$ 174,370	8.390%	366.96	602	77.3%
12	138	34,464,252	6.70	249,741	7.723	380.19	606	72.0
24	76	15,275,722	2.97	200,996	8.083	389.05	607	74.1
36	400	78,374,209	15.23	195,936	7.754	385.45	615	74.7
42	4	584,379	0.11	146,095	8.437	401.73	617	82.1
60	1,374	301,702,520	58.65	219,580	7.343	383.51	629	73.7
Total/Avg./Wtd. Avg.	2,474	\$ 514,447,329	100.00%					

**Interest Only Periods for the Group 1 Mortgage Loans
in the Statistical Calculation Pool**

Interest Only Period (months)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
0	2,331	\$ 475,567,581	92.44%	\$ 204,019	7.655%	382.81	619	74.0%
60	143	38,879,748	7.56	271,886	7.262	359.70	637	79.0
Total/Avg./Wtd. Avg.	2,474	\$ 514,447,329	100.00%					

GROUP 2 MORTGAGE LOANS

Mortgage Loan Programs for the Group 2 Mortgage Loans in the Statistical Calculation Pool

Mortgage Loan Program	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
30-Year-6-month LIBOR.....	16	\$ 4,506,418	1.38%	\$ 281,651	7.413%	359.75	567	76.5%
2/28-6-month LIBOR.....	897	139,171,329	42.56	155,152	8.823	359.77	586	79.5
2/38-6-month LIBOR.....	244	52,327,555	16.00	214,457	8.621	479.80	580	76.4
2/28-6-month LIBOR – 24- month Interest Only	1	170,653	0.05	170,653	8.350	358.00	661	100.0
2/28-6-month LIBOR – 60- month Interest Only	117	25,802,826	7.89	220,537	7.641	359.91	660	82.0
3/27-6-month LIBOR.....	31	5,593,133	1.71	180,424	8.431	359.39	588	80.9
3/37-6-month LIBOR.....	7	1,389,150	0.42	198,450	7.215	480.00	583	72.5
3/27-6-month LIBOR – 60- month Interest Only	5	1,264,000	0.39	252,800	7.249	360.00	646	78.8
5/25-6-month LIBOR.....	8	1,511,153	0.46	188,894	7.618	359.37	594	78.9
5/35-6-month LIBOR.....	4	1,394,000	0.43	348,500	6.969	480.00	581	74.1
15-Year Fixed.....	23	2,377,542	0.73	103,371	7.795	178.59	584	62.2
15-Year Fixed – Credit Comeback.....	3	323,633	0.10	107,878	8.307	177.46	639	69.9
20-Year Fixed.....	3	256,032	0.08	85,344	8.830	239.59	614	82.8
30-Year Fixed.....	404	67,261,124	20.57	166,488	7.931	358.34	610	75.4
30-Year Fixed – Credit Comeback.....	45	7,518,880	2.30	167,086	8.547	357.63	600	75.5
40-Year Fixed.....	74	15,541,823	4.75	210,025	7.696	479.17	624	78.6
40-Year Fixed – Credit Comeback.....	4	575,021	0.18	143,755	8.158	478.89	624	77.4
Total/Avg./Wtd. Avg.....	1,886	\$ 326,984,273	100.00%					

Original Terms to Stated Maturity for the Group 2 Mortgage Loans in the Statistical Calculation Pool

Original Term (months)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
ARM 360.....	1,075	\$ 178,019,511	54.44%	\$ 165,600	8.582%	359.77	597	79.9%
ARM 480.....	255	55,110,705	16.85	216,120	8.544	479.81	581	76.2
Fixed 180.....	26	2,701,175	0.83	103,891	7.857	178.46	591	63.1
Fixed 240.....	3	256,032	0.08	85,344	8.830	239.59	614	82.8
Fixed 360.....	449	74,780,005	22.87	166,548	7.992	358.27	609	75.4
Fixed 480.....	78	16,116,844	4.93	206,626	7.712	479.16	624	78.5
Total/Avg./Wtd. Avg.....	1,886	\$ 326,984,273	100.00%					

**Mortgage Loan Principal Balances for the Group 2 Mortgage Loans
in the Statistical Calculation Pool**

Range of Mortgage Loan Principal Balances (\$)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
25,000.01 - 50,000.00	13	\$ 627,590	0.19%	\$ 48,276	10.139%	332.31	580	64.1%
50,000.01 - 75,000.00	198	12,656,579	3.87	63,922	9.751	359.97	597	79.9
75,000.01 - 100,000.00	213	18,677,616	5.71	87,688	8.958	363.49	602	79.9
100,000.01 - 150,000.00	490	61,281,424	18.74	125,064	8.737	371.05	595	78.2
150,000.01 - 200,000.00	336	58,395,659	17.86	173,797	8.346	385.50	600	77.9
200,000.01 - 250,000.00	260	58,140,497	17.78	223,617	8.115	389.23	599	77.6
250,000.01 - 300,000.00	189	51,438,674	15.73	272,162	8.169	389.85	599	77.9
300,000.01 - 350,000.00	103	33,015,389	10.10	320,538	8.138	392.23	596	77.8
350,000.01 - 400,000.00	66	24,865,033	7.60	376,743	8.054	396.01	603	77.4
400,000.01 - 450,000.00	14	5,848,117	1.79	417,723	7.921	411.16	592	78.9
450,000.01 - 500,000.00	2	923,750	0.28	461,875	8.280	419.11	561	70.1
500,000.01 - 550,000.00	1	513,946	0.16	513,946	7.950	357.00	749	79.2
550,000.01 - 600,000.00	1	600,000	0.18	600,000	8.650	480.00	571	80.0
Total/Avg./Wtd. Avg.	<u>1,886</u>	<u>\$ 326,984,273</u>	<u>100.00%</u>					

**State Distribution of the Mortgaged Properties for the Group 2 Mortgage Loans
in the Statistical Calculation Pool**

State	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
Alabama.....	24	\$ 2,773,026	0.85%	\$ 115,543	8.855%	352.66	605	82.0%
Alaska.....	8	1,673,742	0.51	209,218	8.610	389.09	603	82.4
Arizona.....	101	18,495,406	5.66	183,123	8.396	393.78	601	78.8
Arkansas.....	9	976,984	0.30	108,554	9.167	357.86	593	87.5
California.....	197	53,138,854	16.25	269,740	7.792	404.65	598	73.4
Colorado.....	18	3,178,748	0.97	176,597	8.375	378.56	617	85.4
Connecticut.....	29	5,116,910	1.56	176,445	8.651	378.20	591	78.7
Delaware.....	3	485,955	0.15	161,985	9.727	358.71	573	85.5
District of Columbia.....	4	757,453	0.23	189,363	8.291	358.36	579	55.3
Florida.....	210	39,175,868	11.98	186,552	8.124	384.46	596	77.3
Georgia.....	92	13,292,185	4.07	144,480	9.188	375.10	598	83.1
Hawaii.....	7	2,729,222	0.83	389,889	7.767	415.30	618	79.1
Idaho.....	15	2,501,811	0.77	166,787	8.511	371.67	588	82.2
Illinois.....	134	23,184,217	7.09	173,017	8.787	380.12	609	78.5
Indiana.....	44	4,250,434	1.30	96,601	9.657	376.64	585	83.4
Iowa.....	8	784,012	0.24	98,001	8.974	359.37	614	81.1
Kansas.....	14	1,543,093	0.47	110,221	9.427	365.20	605	80.8
Kentucky.....	22	2,070,599	0.63	94,118	9.336	378.54	602	84.4
Louisiana.....	12	1,346,788	0.41	112,232	8.997	349.95	599	79.7
Maine.....	2	230,778	0.07	115,389	8.036	357.00	582	82.7
Maryland.....	51	11,553,057	3.53	226,531	8.088	375.60	597	78.2
Massachusetts.....	42	9,346,034	2.86	222,525	8.069	375.39	595	74.7
Michigan.....	68	7,679,492	2.35	112,934	8.772	365.93	610	81.8
Minnesota.....	20	3,701,338	1.13	185,067	8.642	387.68	611	82.8
Mississippi.....	10	1,026,826	0.31	102,683	9.362	383.53	571	83.4
Missouri.....	31	3,715,814	1.14	119,865	8.900	368.32	599	80.4
Montana.....	4	593,277	0.18	148,319	8.635	358.07	559	83.1
Nebraska.....	6	677,687	0.21	112,948	8.397	359.61	645	81.0
Nevada.....	30	6,336,691	1.94	211,223	7.889	386.06	618	78.9
New Hampshire.....	6	1,239,100	0.38	206,517	7.420	374.53	593	78.5
New Jersey.....	55	12,387,653	3.79	225,230	8.609	380.55	584	75.2
New Mexico.....	16	2,116,164	0.65	132,260	8.969	383.37	599	79.8
New York.....	62	13,584,142	4.15	219,099	7.796	375.05	605	70.3
North Carolina.....	38	4,723,979	1.44	124,315	8.900	368.87	598	80.4
North Dakota.....	1	134,550	0.04	134,550	11.800	360.00	528	90.0
Ohio.....	44	4,834,558	1.48	109,876	9.109	389.50	594	82.0
Oklahoma.....	14	981,061	0.30	70,076	9.557	350.11	591	84.2
Oregon.....	32	6,150,863	1.88	192,214	8.131	417.90	608	80.5
Pennsylvania.....	51	6,777,643	2.07	132,895	8.976	363.96	577	80.4
Rhode Island.....	6	1,238,944	0.38	206,491	7.844	384.47	602	72.3
South Carolina.....	16	1,855,133	0.57	115,946	8.905	359.23	595	83.8
South Dakota.....	1	140,000	0.04	140,000	10.250	360.00	564	80.0
Tennessee.....	27	3,738,212	1.14	138,452	9.356	375.93	600	85.0
Texas.....	144	16,112,441	4.93	111,892	8.768	356.11	598	81.4
Utah.....	17	3,032,676	0.93	178,393	8.346	401.82	611	80.9
Vermont.....	5	881,936	0.27	176,387	7.963	358.87	587	80.9
Virginia.....	51	10,575,413	3.23	207,361	8.300	388.38	580	77.6
Washington.....	59	11,328,013	3.46	192,000	8.259	408.58	605	78.6
West Virginia.....	9	899,668	0.28	99,963	8.706	367.58	570	79.2
Wisconsin.....	15	1,673,023	0.51	111,535	8.773	340.17	595	80.1
Wyoming.....	2	242,800	0.07	121,400	7.980	360.00	646	85.6
Total/Avg./Wtd. Avg.....	1,886	\$ 326,984,273	100.00%					

**Loan-to-Value Ratios for the Group 2 Mortgage Loans
in the Statistical Calculation Pool**

Range of Loan-to-Value Ratios (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
50.00 or Less.....	57	\$ 8,136,223	2.49%	\$ 142,741	8.076%	353.43	591	40.9%
50.01 - 55.00.....	37	7,704,437	2.36	208,228	8.225	414.88	557	52.6
55.01 - 60.00.....	43	7,090,530	2.17	164,896	8.055	366.68	584	58.1
60.01 - 65.00.....	78	15,895,000	4.86	203,782	7.973	394.55	582	63.4
65.01 - 70.00.....	134	26,704,900	8.17	199,290	8.112	392.11	576	68.4
70.01 - 75.00.....	205	38,578,697	11.80	188,189	8.230	385.83	579	73.9
75.01 - 80.00.....	709	113,740,473	34.78	160,424	8.460	383.46	609	79.6
80.01 - 85.00.....	229	42,953,676	13.14	187,571	8.463	385.97	594	84.3
85.01 - 90.00.....	280	51,551,639	15.77	184,113	8.470	382.02	613	89.5
90.01 - 95.00.....	89	11,954,667	3.66	134,322	9.163	367.11	611	94.6
95.01 - 100.00.....	25	2,674,030	0.82	106,961	9.325	363.12	645	100.0
Total/Avg./Wtd. Avg.	1,886	\$ 326,984,273	100.00%					

**Current Mortgage Rates for the Group 2 Mortgage Loans
in the Statistical Calculation Pool**

Range of Current Mortgage Rates (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
5.001 - 5.500.....	1	\$ 150,000	0.05%	\$ 150,000	5.125%	480.00	553	57.7%
5.501 - 6.000.....	10	2,444,013	0.75	244,401	5.910	379.94	657	75.1
6.001 - 6.500.....	56	13,425,589	4.11	239,743	6.372	389.28	648	74.6
6.501 - 7.000.....	153	34,489,761	10.55	225,423	6.833	375.16	616	74.7
7.001 - 7.500.....	171	34,342,722	10.50	200,835	7.328	377.82	615	76.4
7.501 - 8.000.....	303	58,054,902	17.75	191,600	7.806	387.33	611	77.1
8.001 - 8.500.....	252	44,732,130	13.68	177,508	8.297	381.43	601	78.9
8.501 - 9.000.....	323	52,049,226	15.92	161,143	8.802	392.18	593	79.7
9.001 - 9.500.....	170	26,930,389	8.24	158,414	9.317	385.67	573	78.5
9.501 - 10.000.....	202	27,941,033	8.55	138,322	9.786	387.79	574	80.4
10.001 - 10.500.....	98	14,617,121	4.47	149,154	10.326	381.11	562	79.1
10.501 - 11.000.....	88	11,367,385	3.48	129,175	10.758	378.71	562	81.3
11.001 - 11.500.....	27	2,426,387	0.74	89,866	11.305	372.31	550	80.2
11.501 - 12.000.....	22	2,799,110	0.86	127,232	11.811	359.48	566	81.5
12.001 - 12.500.....	6	592,104	0.18	98,684	12.294	359.80	559	82.1
12.501 - 13.000.....	3	257,900	0.08	85,967	12.625	360.00	540	79.7
13.001 - 13.500.....	1	364,500	0.11	364,500	13.500	360.00	531	90.0
Total/Avg./Wtd. Avg.	1,886	\$ 326,984,273	100.00%					

**Types of Mortgaged Properties for the Group 2 Mortgage Loans
in the Statistical Calculation Pool**

Mortgaged Property Type	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
Single Family Residence.....	1,506	\$ 251,968,327	77.06%	\$ 167,310	8.382%	384.59	597	78.0%
Planned Unit Development....	240	47,993,524	14.68	199,973	8.393	382.23	595	79.3
Low-Rise Condominium.....	90	16,605,415	5.08	184,505	8.407	382.15	622	78.6
Two Family Home.....	37	7,407,726	2.27	200,209	8.582	382.86	602	72.2
Three Family Home.....	7	2,271,416	0.69	324,488	8.587	382.77	612	71.2
High-Rise Condominium.....	5	628,867	0.19	125,773	8.888	360.00	631	73.5
Four Family Home.....	1	108,997	0.03	108,997	7.500	177.00	512	18.8
Total/Avg./Wtd. Avg.....	1,886	\$ 326,984,273	100.00%					

**Loan Purposes for the Group 2 Mortgage Loans
in the Statistical Calculation Pool**

Loan Purpose	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
Refinance – Cash Out	1,229	\$ 239,693,234	73.30%	\$ 195,031	8.269%	386.54	591	76.6%
Purchase.....	538	69,213,501	21.17	128,650	8.875	375.52	621	82.8
Refinance – Rate/Term.....	119	18,077,538	5.53	151,912	8.172	381.98	611	79.0
Total/Avg./Wtd. Avg.....	1,886	\$ 326,984,273	100.00%					

**Occupancy Types for the Group 2 Mortgage Loans
in the Statistical Calculation Pool⁽¹⁾**

Occupancy Type	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
Owner Occupied.....	1,848	\$ 320,780,451	98.10%	\$ 173,582	8.388%	384.06	598	78.1%
Investment Property.....	35	5,500,690	1.68	157,163	8.566	380.77	646	75.2
Second Home.....	3	703,131	0.22	234,377	8.854	360.00	548	69.6
Total/Avg./Wtd. Avg.....	1,886	\$ 326,984,273	100.00%					

⁽¹⁾ Based on representations by the Mortgagors at the time of origination of the related Mortgage Loans.

**Remaining Terms to Stated Maturity for the Group 2 Mortgage Loans
in the Statistical Calculation Pool**

Range of Remaining Terms (months)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
121 – 180	26	\$ 2,701,175	0.83%	\$ 103,891	7.857%	178.46	591	63.1%
181 – 300	3	256,032	0.08	85,344	8.830	239.59	614	82.8
301 – 360	1,524	252,799,516	77.31	165,879	8.407	359.33	601	78.5
Greater than 360	333	71,227,549	21.78	213,897	8.356	479.67	590	76.8
Total/Avg./Wtd. Avg.	1,886	\$ 326,984,273	100.00%					

**Loan Documentation Types for the Group 2 Mortgage Loans
in the Statistical Calculation Pool**

Loan Documentation Type	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
Full Documentation	1,288	\$ 208,465,309	63.75%	\$ 161,852	8.261%	379.69	593	79.0%
Stated Income	598	118,518,964	36.25	198,192	8.622	391.45	607	76.3
Total/Avg./Wtd. Avg.	1,886	\$ 326,984,273	100.00%					

**Credit Bureau Risk Scores⁽¹⁾ for the Group 2 Mortgage Loans
in the Statistical Calculation Pool**

Range of Credit Bureau Risk Scores	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
781 – 800	2	\$ 493,180	0.15%	\$ 246,590	7.040%	456.23	791	80.8%
761 – 780	8	1,886,050	0.58	235,756	6.944	384.30	772	76.3
741 – 760	10	2,548,070	0.78	254,807	7.233	384.50	749	78.6
721 – 740	21	3,309,858	1.01	157,612	7.672	377.16	729	79.6
701 – 720	18	3,181,562	0.97	176,753	7.677	379.64	709	80.1
681 – 700	56	9,295,623	2.84	165,993	7.723	367.97	690	79.5
661 – 680	105	18,836,906	5.76	179,399	7.835	376.44	669	81.7
641 – 660	188	34,113,631	10.43	181,455	7.981	379.99	649	81.9
621 – 640	243	41,295,754	12.63	169,941	8.105	377.89	631	79.6
601 – 620	237	40,139,380	12.28	169,364	8.119	390.24	610	78.9
581 – 600	265	41,052,277	12.55	154,914	8.423	381.66	589	76.8
561 – 580	241	41,701,755	12.75	173,036	8.533	387.04	570	78.6
541 – 560	186	34,573,107	10.57	185,877	8.729	387.16	550	76.6
521 – 540	182	32,978,145	10.09	181,199	9.239	392.75	531	74.1
501 – 520	120	20,903,770	6.39	174,198	9.198	381.54	511	72.6
500 or Less	4	675,205	0.21	168,801	9.782	438.86	500	69.3
Total/Avg./Wtd. Avg.	1,886	\$ 326,984,273	100.00%					

⁽¹⁾ The Credit Bureau Risk Scores referenced in this table with respect to substantially all of the Group 2 Mortgage Loans were obtained by the respective originators from one or more credit reporting agencies, and were determined at the time of origination.

**Credit Grade Categories for the Group 2 Mortgage Loans
in the Statistical Calculation Pool**

Credit Grade Category	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
A.....	1,336	\$ 230,907,223	70.62%	\$ 172,835	8.266%	384.50	608	79.3%
A-.....	86	15,246,421	4.66	177,284	8.437	379.01	575	75.7
B.....	205	38,651,665	11.82	188,545	8.786	390.52	566	75.1
C.....	144	25,027,107	7.65	173,799	8.720	372.73	572	72.2
C-.....	103	14,916,607	4.56	144,821	8.571	383.06	600	79.4
D.....	12	2,235,250	0.68	186,271	9.412	379.71	556	64.8
Total/Avg./Wtd. Avg.....	1,886	\$ 326,984,273	100.00%					

**Prepayment Penalty Periods for the Group 2 Mortgage Loans
in the Statistical Calculation Pool**

Prepayment Penalty Period (months)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
0.....	601	\$ 100,434,712	30.72%	\$ 167,113	8.726%	374.03	599	78.7%
12.....	87	17,889,213	5.47	205,623	8.041	372.81	601	71.3
24.....	897	154,834,738	47.35	172,614	8.444	391.63	593	79.1
28.....	1	104,500	0.03	104,500	7.650	360.00	687	77.4
30.....	2	358,357	0.11	179,179	8.976	358.44	616	76.2
36.....	298	53,362,753	16.32	179,070	7.727	384.31	613	75.8
Total/Avg./Wtd. Avg.....	1,886	\$ 326,984,273	100.00%					

**Months to Next Adjustment Date for the Group 2
Adjustable Rate Mortgage Loans in the Statistical Calculation Pool**

Range of Months to Next Adjustment Date	Weighted Average Months to Next Adjustment Date	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
0 – 6.....	6	16	\$ 4,506,418	1.93%	\$ 281,651	7.413%	359.75	567	76.5%
19 – 24.....	24	1,259	217,472,362	93.28	172,734	8.634	388.67	594	79.1
32 – 37.....	36	43	8,246,283	3.54	191,774	8.045	379.80	596	79.2
38 or More...	60	12	2,905,153	1.25	242,096	7.306	417.25	587	76.6
Total/Avg./Wtd. Avg.....		1,330	\$ 233,130,216	100.00%					

**Gross Margins for the Group 2 Adjustable Rate Mortgage Loans
in the Statistical Calculation Pool⁽¹⁾**

Range of Gross Margins (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
3.001 - 4.000	7	\$ 1,668,154	0.72%	\$ 238,308	8.980%	380.42	592	73.6%
4.001 - 5.000	56	9,483,033	4.07	169,340	8.304	376.86	616	77.3
5.001 - 6.000	192	35,276,259	15.13	183,731	8.088	388.68	613	77.2
6.001 - 7.000	652	112,335,643	48.19	172,294	8.416	385.34	592	79.2
7.001 - 8.000	423	74,367,127	31.90	175,809	9.065	393.75	582	80.0
Total/Avg./Wtd. Avg.	1,330	\$ 233,130,216	100.00%					

⁽¹⁾ The weighted average Gross Margin for the Group 2 Adjustable Rate Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 6.640%.

**Maximum Mortgage Rates for the Group 2 Adjustable Rate Mortgage Loans
in the Statistical Calculation Pool⁽¹⁾**

Range of Maximum Mortgage Rates (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
12.001 - 12.500	3	\$ 620,000	0.27%	\$ 206,667	6.167%	389.03	677	79.8%
12.501 - 13.000	13	3,061,173	1.31	235,475	6.164	383.95	636	74.9
13.001 - 13.500	38	8,834,289	3.79	232,481	6.651	390.04	618	75.1
13.501 - 14.000	99	23,342,376	10.01	235,782	7.096	378.46	605	77.2
14.001 - 14.500	95	20,919,816	8.97	220,209	7.586	382.78	611	78.0
14.501 - 15.000	183	35,472,150	15.22	193,837	7.985	394.72	607	78.6
15.001 - 15.500	189	35,391,205	15.18	187,255	8.447	387.72	594	79.7
15.501 - 16.000	260	41,625,120	17.85	160,097	8.893	394.51	592	80.4
16.001 - 16.500	124	20,340,847	8.73	164,039	9.414	384.50	572	78.2
16.501 - 17.000	154	21,345,814	9.16	138,609	9.826	392.90	577	80.0
17.001 - 17.500	71	10,182,209	4.37	143,411	10.359	388.93	562	79.6
17.501 - 18.000	62	7,796,250	3.34	125,746	10.762	378.27	557	81.6
18.001 - 18.500	17	1,548,141	0.66	91,067	11.274	367.63	556	79.5
18.501 - 19.000	14	1,555,966	0.67	111,140	11.785	359.81	571	80.5
19.001 - 19.500	4	472,460	0.20	118,115	12.267	360.00	557	79.5
Greater than 19.500	4	622,400	0.27	155,600	13.137	360.00	535	85.7
Total/Avg./Wtd. Avg.	1,330	\$ 233,130,216	100.00%					

⁽¹⁾ The weighted average Maximum Mortgage Rate for the Group 2 Adjustable Rate Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 15.425%.

**Initial Periodic Rate Caps for the Group 2 Adjustable Rate Mortgage Loans
in the Statistical Calculation Pool⁽¹⁾**

Initial Periodic Rate Cap (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
1.000.....	18	\$ 4,944,171	2.12%	\$ 274,676	7.456%	359.69	573	76.9%
1.500.....	1,062	182,579,691	78.32	171,921	8.602	387.12	595	79.2
2.000.....	3	314,826	0.14	104,942	8.971	358.68	583	93.4
3.000.....	246	45,059,527	19.33	183,169	8.573	395.82	589	78.4
6.000.....	1	232,000	0.10	232,000	8.900	360.00	557	80.0
Total/Avg./Wtd. Avg.....	1,330	\$ 233,130,216	100.00%					

⁽¹⁾ The weighted average Initial Periodic Rate Cap for the Group 2 Adjustable Rate Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 1.784%.

**Subsequent Periodic Rate Caps for the Group 2 Adjustable Rate Mortgage Loans
in the Statistical Calculation Pool⁽¹⁾**

Subsequent Periodic Rate Cap (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
1.000.....	222	\$ 41,916,474	17.98%	\$ 188,813	8.530%	386.66	587	78.4%
1.500.....	1,107	191,105,879	81.97	172,634	8.582	388.49	595	79.1
3.000.....	1	107,863	0.05	107,863	9.150	359.00	595	80.0
Total/Avg./Wtd. Avg.....	1,330	\$ 233,130,216	100.00%					

⁽¹⁾ The weighted average Subsequent Periodic Rate Cap for the Group 2 Adjustable Rate Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 1.411%.

**Minimum Mortgage Rates for the Group 2 Adjustable Rate Mortgage Loans
in the Statistical Calculation Pool⁽¹⁾**

Range of Minimum Mortgage Rates (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
4.001 - 5.000.....	1	\$ 205,000	0.09%	\$ 205,000	7.000%	480.00	647	61.2%
5.001 - 6.000.....	18	3,747,657	1.61	208,203	6.539	385.37	634	75.5
6.001 - 7.000.....	111	26,736,811	11.47	240,872	6.882	377.11	607	76.8
7.001 - 8.000.....	274	56,497,841	24.23	206,197	7.775	393.95	605	78.2
8.001 - 9.000.....	440	76,485,481	32.81	173,831	8.574	389.37	598	79.9
9.001 - 10.000.....	296	44,564,653	19.12	150,556	9.559	389.31	575	79.7
Greater than 10.000.....	190	24,892,773	10.68	131,015	10.750	380.68	559	80.0
Total/Avg./Wtd. Avg.....	1,330	\$ 233,130,216	100.00%					

⁽¹⁾ The weighted average Minimum Mortgage Rate for the Group 2 Adjustable Rate Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 8.502%.

**Next Adjustment Dates for the Group 2 Adjustable Rate Mortgage Loans
in the Statistical Calculation Pool⁽¹⁾**

Next Adjustment Date	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
October 2006	1	\$ 377,018	0.16%	\$ 377,018	6.750%	357.00	515	76.4%
January 2007	15	4,129,400	1.77	275,293	7.473	360.00	572	76.5
March 2008	1	55,917	0.02	55,917	10.875	356.00	511	80.0
April 2008	29	5,453,158	2.34	188,040	8.421	374.64	578	74.2
May 2008	25	3,902,474	1.67	156,099	8.906	373.74	569	79.9
June 2008	119	21,944,161	9.41	184,405	8.845	397.80	582	80.7
July 2008	1,056	181,882,070	78.02	172,237	8.602	388.53	595	79.0
August 2008	29	4,234,582	1.82	146,020	8.886	379.26	623	81.0
April 2009	3	650,344	0.28	216,781	9.199	357.39	530	72.7
May 2009	3	677,529	0.29	225,843	8.300	358.39	597	76.5
June 2009	5	831,929	0.36	166,386	9.405	359.24	572	83.6
July 2009	30	5,825,881	2.50	194,196	7.668	383.25	607	79.8
August 2009	2	260,600	0.11	130,300	8.579	480.00	589	74.9
April 2011	1	317,793	0.14	317,793	6.000	357.00	584	75.0
July 2011	9	1,805,360	0.77	200,596	7.533	400.68	580	71.5
August 2011	2	782,000	0.34	391,000	7.313	480.00	607	88.9
Total/Avg./Wtd. Avg.	<u>1,330</u>	<u>\$ 233,130,216</u>	<u>100.00%</u>					

⁽¹⁾ The weighted average Next Adjustment Date for the Group 2 Adjustable Rate Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date is July 2008.

**Interest Only Periods for the Group 2 Mortgage Loans
in the Statistical Calculation Pool**

Interest Only Period (months)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
0	1,763	\$ 299,746,794	91.67%	\$ 170,021	8.461%	386.14	593	77.7%
24	1	170,653	0.05	170,653	8.350	358.00	661	100.0
60	122	27,066,826	8.28	221,859	7.623	359.92	660	81.9
Total/Avg./Wtd. Avg.	<u>1,886</u>	<u>\$ 326,984,273</u>	<u>100.00%</u>					

GROUP 3 MORTGAGE LOANS

Mortgage Loan Programs for the Group 3 Mortgage Loans in the Statistical Calculation Pool

Mortgage Loan Program	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
30-Year 6-month LIBOR.....	10	\$ 4,265,444	0.97%	\$ 426,544	8.631%	359.89	578	80.7%
2/28 6-month LIBOR.....	576	112,073,855	25.56	194,573	9.247	359.62	606	82.5
2/38 6-month LIBOR.....	168	51,616,283	11.77	307,240	8.824	479.62	607	81.2
2/28 6-month LIBOR – 24- month Interest Only	7	2,116,414	0.48	302,345	7.121	357.39	607	76.0
2/28 6-month LIBOR – 36- month Interest Only	1	290,639	0.07	290,639	10.450	358.00	609	86.0
2/28 6-month LIBOR – 60- month Interest Only	456	133,665,297	30.49	293,126	8.163	359.73	625	81.6
3/27 6-month LIBOR.....	22	4,358,421	0.99	198,110	8.939	359.21	585	78.5
3/37 6-month LIBOR.....	3	1,046,876	0.24	348,959	8.432	479.59	582	73.3
3/27 6-month LIBOR – 60- month Interest Only	19	5,944,447	1.36	312,866	7.577	359.77	613	80.3
5/25 6-month LIBOR.....	9	2,565,620	0.59	285,069	8.309	360.00	603	80.4
5/35 6-month LIBOR.....	1	455,000	0.10	455,000	8.330	480.00	520	79.8
5/25 6-month LIBOR – 60- month Interest Only	1	343,920	0.08	343,920	6.625	360.00	678	80.0
15-Year Fixed.....	12	1,995,473	0.46	166,289	7.157	177.94	630	68.3
15-Year Fixed – Credit Comeback.....	2	165,578	0.04	82,789	9.042	177.96	544	61.1
20-Year Fixed.....	1	79,852	0.02	79,852	7.250	239.00	666	88.9
30-Year Fixed.....	403	79,295,624	18.09	196,763	7.337	358.48	628	71.7
30-Year Fixed – Credit Comeback.....	67	11,827,361	2.70	176,528	8.298	358.22	615	75.8
40-Year Fixed.....	65	13,793,910	3.15	212,214	7.332	478.97	631	77.5
40-Year Fixed – Credit Comeback.....	6	924,964	0.21	154,161	8.190	479.45	623	66.6
30-Year Fixed – 60-month Interest Only	43	11,201,108	2.55	260,491	7.164	358.79	639	78.0
40/30 Fixed Balloon.....	1	415,585	0.09	415,585	7.500	357.00	584	80.0
Total/Avg./Wtd. Avg.....	1,873	\$ 438,441,670	100.00%					

Original Terms to Stated Maturity for the Group 3 Mortgage Loans in the Statistical Calculation Pool

Original Term (months)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
ARM 360.....	1,101	\$ 265,624,057	60.58%	\$ 241,257	8.621%	359.66	615	81.9%
ARM 480.....	172	53,118,159	12.12	308,827	8.812	479.62	606	81.1
Fixed 180.....	14	2,161,051	0.49	154,361	7.302	177.95	624	67.7
Fixed 240.....	1	79,852	0.02	79,852	7.250	239.00	666	88.9
Fixed 360.....	514	102,739,678	23.43	199,883	7.429	358.48	627	72.9
Fixed 480.....	71	14,718,874	3.36	207,308	7.386	479.00	631	76.8
Total/Avg./Wtd. Avg.....	1,873	\$ 438,441,670	100.00%					

**Mortgage Loan Principal Balances for the Group 3 Mortgage Loans
in the Statistical Calculation Pool**

Range of Mortgage Loan Principal Balances (\$)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
25,000.01 – 50,000.00.....	15	\$ 625,616	0.14%	\$ 41,708	11.557%	334.86	571	72.6%
50,000.01 – 75,000.00.....	133	8,355,315	1.91	62,822	10.060	363.48	605	80.8
75,000.01 – 100,000.00.....	173	15,309,622	3.49	88,495	8.936	366.22	606	78.4
100,000.01 – 150,000.00.....	367	45,831,628	10.45	124,882	8.620	370.28	609	78.4
150,000.01 – 200,000.00.....	294	51,380,459	11.72	174,763	8.313	372.30	617	79.5
200,000.01 – 250,000.00.....	223	49,875,788	11.38	223,658	8.255	377.42	617	79.1
250,000.01 – 300,000.00.....	181	49,564,139	11.30	273,835	8.231	371.16	629	80.5
300,000.01 – 350,000.00.....	122	39,394,959	8.99	322,909	8.283	376.45	620	81.1
350,000.01 – 400,000.00.....	78	29,151,743	6.65	373,740	8.201	381.09	627	79.7
400,000.01 – 450,000.00.....	81	34,592,453	7.89	427,067	8.162	390.25	607	80.5
450,000.01 – 500,000.00.....	85	40,623,771	9.27	477,927	8.021	384.04	613	78.5
500,000.01 – 550,000.00.....	53	27,934,600	6.37	527,068	8.328	391.33	625	82.1
550,000.01 – 600,000.00.....	24	13,892,103	3.17	578,838	7.807	368.70	614	75.1
600,000.01 – 650,000.00.....	11	6,858,374	1.56	623,489	8.481	392.04	610	77.3
650,000.01 – 700,000.00.....	14	9,349,156	2.13	667,797	8.015	367.58	617	78.8
700,000.01 – 750,000.00.....	11	8,001,972	1.83	727,452	7.597	392.01	630	79.3
850,000.01 – 900,000.00.....	3	2,651,797	0.60	883,932	8.767	359.00	636	77.6
Greater than 900,000.00.....	5	5,048,173	1.15	1,009,635	8.849	359.25	611	70.8
Total/Avg./Wtd. Avg.	<u>1,873</u>	<u>\$ 438,441,670</u>	<u>100.00%</u>					

**State Distribution of the Mortgaged Properties for the Group 3 Mortgage Loans
in the Statistical Calculation Pool**

State	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
Alabama.....	26	\$ 3,140,073	0.72%	\$ 120,772	8.916%	366.21	617	80.5%
Alaska.....	2	550,760	0.13	275,380	10.479	359.32	584	93.4
Arizona.....	88	20,352,516	4.64	231,279	8.319	375.06	617	80.0
Arkansas.....	8	1,075,353	0.25	134,419	9.304	357.70	617	92.1
California.....	405	141,649,783	32.31	349,753	7.747	385.44	623	77.3
Colorado.....	25	5,106,030	1.16	204,241	8.922	367.58	597	86.9
Connecticut.....	20	5,714,934	1.30	285,747	8.512	361.24	619	79.9
Delaware.....	7	1,589,127	0.36	227,018	7.678	359.64	656	83.1
District of Columbia.....	4	1,321,200	0.30	330,300	8.305	360.00	620	76.1
Florida.....	292	61,389,857	14.00	210,239	8.489	378.13	623	78.9
Georgia.....	69	12,335,781	2.81	178,779	9.243	368.00	600	82.1
Hawaii.....	21	6,475,477	1.48	308,356	7.849	369.90	639	74.7
Idaho.....	12	2,667,013	0.61	222,251	8.086	410.28	610	76.0
Illinois.....	45	12,502,566	2.85	277,835	9.241	378.30	622	78.9
Indiana.....	18	1,910,387	0.44	106,133	9.113	361.82	615	83.1
Iowa.....	7	649,175	0.15	92,739	9.184	351.49	592	82.4
Kansas.....	6	583,720	0.13	97,287	9.752	360.00	653	83.0
Kentucky.....	11	1,536,597	0.35	139,691	8.955	362.58	588	79.7
Louisiana.....	23	2,924,622	0.67	127,157	9.156	350.90	596	80.8
Maine.....	5	1,415,078	0.32	283,016	7.956	368.63	652	80.0
Maryland.....	30	8,423,181	1.92	280,773	8.540	382.99	603	81.3
Massachusetts.....	26	7,612,401	1.74	292,785	8.467	358.89	605	79.4
Michigan.....	68	6,646,672	1.52	97,745	9.708	357.75	601	81.5
Minnesota.....	15	3,912,340	0.89	260,823	9.167	362.99	617	85.6
Mississippi.....	13	1,718,978	0.39	132,229	8.606	382.24	602	86.7
Missouri.....	32	4,144,979	0.95	129,531	10.071	371.92	591	88.1
Montana.....	5	780,521	0.18	156,104	7.569	358.80	624	78.6
Nebraska.....	7	715,831	0.16	102,262	8.845	359.35	566	82.7
Nevada.....	38	10,554,697	2.41	277,755	7.946	381.30	626	82.3
New Hampshire.....	16	3,363,741	0.77	210,234	8.442	376.23	603	84.9
New Jersey.....	30	10,497,760	2.39	349,925	7.876	371.68	609	73.5
New Mexico.....	3	604,482	0.14	201,494	9.431	358.78	597	78.7
New York.....	37	14,712,984	3.36	397,648	8.224	376.67	615	75.6
North Carolina.....	24	3,562,426	0.81	148,434	9.399	378.58	610	84.0
North Dakota.....	1	150,000	0.03	150,000	10.430	360.00	610	100.0
Ohio.....	39	4,312,300	0.98	110,572	9.133	369.05	606	82.3
Oklahoma.....	15	1,442,130	0.33	96,142	9.232	372.28	608	88.2
Oregon.....	31	5,619,774	1.28	181,283	8.173	381.61	611	80.2
Pennsylvania.....	37	6,832,662	1.56	184,667	8.632	378.04	605	80.5
Rhode Island.....	3	646,000	0.15	215,333	8.044	360.00	586	79.2
South Carolina.....	5	465,530	0.11	93,106	9.615	358.47	615	79.1
South Dakota.....	3	331,610	0.08	110,537	8.891	360.00	645	85.1
Tennessee.....	47	6,732,329	1.54	143,241	9.221	366.89	603	84.4
Texas.....	98	14,454,210	3.30	147,492	8.984	364.57	608	85.6
Utah.....	18	4,288,403	0.98	238,245	8.281	381.72	618	84.5
Vermont.....	1	156,000	0.04	156,000	7.500	360.00	560	80.0
Virginia.....	50	12,522,902	2.86	250,458	7.839	374.04	607	78.0
Washington.....	68	15,365,700	3.50	225,966	8.169	370.73	618	81.1
West Virginia.....	2	137,716	0.03	68,858	9.299	358.38	614	80.0
Wisconsin.....	14	2,283,126	0.52	163,080	10.199	373.62	648	82.4
Wyoming.....	3	560,233	0.13	186,744	9.514	359.20	612	84.8
Total/Avg./Wtd. Avg.....	1,873	\$ 438,441,670	100.00%					

**Loan-to-Value Ratios for the Group 3 Mortgage Loans
in the Statistical Calculation Pool**

Range of Loan-to-Value Ratios (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
50.00 or Less.....	59	\$ 10,965,870	2.50%	\$ 185,862	7.669%	364.89	610	40.5%
50.01 – 55.00	38	8,378,556	1.91	220,488	7.387	364.57	624	52.6
55.01 – 60.00	35	7,741,853	1.77	221,196	7.455	361.34	606	58.1
60.01 – 65.00	79	20,080,583	4.58	254,185	7.329	378.58	607	63.3
65.01 – 70.00	99	23,802,203	5.43	240,426	7.539	379.17	602	68.7
70.01 – 75.00	141	38,640,282	8.81	274,045	7.883	376.74	603	73.8
75.01 – 80.00	761	174,796,234	39.87	229,693	8.409	377.67	627	79.7
80.01 – 85.00	172	43,252,242	9.86	251,467	8.275	376.23	604	84.3
85.01 – 90.00	311	76,111,278	17.36	244,731	8.675	381.86	617	89.7
90.01 – 95.00	132	26,831,557	6.12	203,269	9.398	372.53	615	94.8
95.01 – 100.00	46	7,841,012	1.79	170,457	9.093	371.12	639	99.7
Total/Avg./Wtd. Avg.....	1,873	\$ 438,441,670	100.00%					

**Current Mortgage Rates for the Group 3 Mortgage Loans
in the Statistical Calculation Pool**

Range of Current Mortgage Rates (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
5.001 – 5.500	4	\$ 1,525,242	0.35%	\$ 381,311	5.500%	359.20	636	76.1%
5.501 – 6.000	19	5,290,962	1.21	278,472	5.957	369.93	668	68.0
6.001 – 6.500	100	28,347,898	6.47	283,479	6.328	371.64	647	71.6
6.501 – 7.000	207	57,034,727	13.01	275,530	6.832	365.27	635	75.8
7.001 – 7.500	184	48,347,981	11.03	262,761	7.329	376.61	616	75.1
7.501 – 8.000	241	63,712,328	14.53	264,367	7.800	376.84	619	78.5
8.001 – 8.500	191	45,295,948	10.33	237,152	8.293	377.85	621	82.5
8.501 – 9.000	252	58,526,872	13.35	232,249	8.794	384.25	605	81.6
9.001 – 9.500	215	44,389,101	10.12	206,461	9.279	382.84	611	82.3
9.501 – 10.000	201	40,729,182	9.29	202,633	9.774	380.51	606	81.8
10.001 – 10.500	109	23,177,050	5.29	212,633	10.309	384.04	605	84.9
10.501 – 11.000	76	11,318,689	2.58	148,930	10.758	373.84	591	85.9
11.001 – 11.500	37	6,537,094	1.49	176,678	11.315	373.08	588	84.2
11.501 – 12.000	15	2,576,069	0.59	171,738	11.742	368.55	597	91.1
12.001 – 12.500	8	921,720	0.21	115,215	12.209	360.00	594	83.1
12.501 – 13.000	3	156,500	0.04	52,167	12.825	360.00	569	86.3
13.001 – 13.500	4	210,154	0.05	52,539	13.372	358.96	543	85.4
13.501 – 14.000	4	195,363	0.04	48,841	13.729	359.71	533	86.3
Greater than 14.000.....	3	148,791	0.03	49,597	14.553	358.94	572	94.9
Total/Avg./Wtd. Avg.....	1,873	\$ 438,441,670	100.00%					

**Types of Mortgaged Properties for the Group 3 Mortgage Loans
in the Statistical Calculation Pool**

Mortgaged Property Type	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
Single Family Residence.....	1,424	\$ 321,660,724	73.36%	\$ 225,885	8.190%	377.17	616	79.1%
Planned Unit Development	276	74,442,018	16.98	269,717	8.638	378.46	615	81.9
Low-Rise Condominium.....	99	22,257,875	5.08	224,827	8.552	371.44	621	80.3
Two Family Home.....	48	15,005,007	3.42	312,604	8.997	377.19	622	75.0
High-Rise Condominium.....	9	2,093,624	0.48	232,625	8.209	373.36	667	83.2
Manufactured Housing ⁽¹⁾	13	1,927,223	0.44	148,248	9.022	362.07	655	65.7
Three Family Home.....	3	642,100	0.15	214,033	7.771	384.30	651	79.7
Four Family Home.....	1	413,099	0.09	413,099	10.150	357.00	649	90.0
Total/Avg./Wtd. Avg.....	1,873	\$ 438,441,670	100.00%					

⁽¹⁾ Treated as real property.

**Loan Purposes for the Group 3 Mortgage Loans
in the Statistical Calculation Pool**

Loan Purpose	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
Refinance – Cash Out.....	822	\$ 214,721,335	48.97%	\$ 261,218	7.758%	376.14	608	75.5%
Purchase.....	976	209,701,852	47.83	214,858	8.922	378.31	626	83.4
Refinance – Rate/Term.....	75	14,018,483	3.20	186,913	7.819	370.68	619	79.2
Total/Avg./Wtd. Avg.....	1,873	\$ 438,441,670	100.00%					

**Occupancy Types for the Group 3 Mortgage Loans
in the Statistical Calculation Pool⁽¹⁾**

Occupancy Type	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
Owner Occupied.....	1,781	\$ 419,253,994	95.62%	\$ 235,404	8.277%	376.91	616	79.3%
Investment Property.....	68	14,097,035	3.22	207,309	9.242	383.65	653	82.0
Second Home.....	24	5,090,641	1.16	212,110	9.046	366.39	637	83.9
Total/Avg./Wtd. Avg.....	1,873	\$ 438,441,670	100.00%					

⁽¹⁾ Based on representations by the Mortgagors at the time of origination of the related Mortgage Loans.

**Remaining Terms to Stated Maturity for the Group 3 Mortgage Loans
in the Statistical Calculation Pool**

Range of Remaining Terms (months)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
121 – 180	14	\$ 2,161,051	0.49%	\$ 154,361	7.302%	177.95	624	67.7%
181 – 300	1	79,852	0.02	79,852	7.250	239.00	666	88.9
301 – 360	1,615	368,363,734	84.02	228,089	8.289	359.33	618	79.4
Greater than 360	243	67,837,033	15.47	279,165	8.503	479.49	611	80.1
Total/Avg./Wtd. Avg.	1,873	\$ 438,441,670	100.00%					

**Loan Documentation Types for the Group 3 Mortgage Loans
in the Statistical Calculation Pool**

Loan Documentation Type	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
Full Documentation	1,106	\$ 234,283,924	53.44%	\$ 211,830	7.988%	373.04	608	79.9%
Stated Income	767	204,157,746	46.56	266,177	8.694	381.56	628	78.9
Total/Avg./Wtd. Avg.	1,873	\$ 438,441,670	100.00%					

**Credit Bureau Risk Scores⁽¹⁾ for the Group 3 Mortgage Loans
in the Statistical Calculation Pool**

Range of Credit Bureau Risk Scores	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
801 – 820	2	\$ 637,719	0.15%	\$ 318,860	7.540%	360.00	804	63.7%
781 – 800	6	1,944,604	0.44	324,101	6.978	359.52	789	70.7
761 – 780	11	2,381,306	0.54	216,482	7.348	393.90	771	75.3
741 – 760	15	3,430,835	0.78	228,722	8.725	422.46	748	82.8
721 – 740	29	7,531,060	1.72	259,692	7.716	392.99	728	79.6
701 – 720	41	9,568,730	2.18	233,384	7.913	371.32	712	80.0
681 – 700	76	21,570,588	4.92	283,824	8.030	362.48	691	79.5
661 – 680	127	31,764,959	7.24	250,118	7.726	364.03	670	79.6
641 – 660	222	57,187,809	13.04	257,603	8.178	374.28	649	81.0
621 – 640	281	64,910,417	14.80	230,998	8.251	381.38	629	79.2
601 – 620	289	64,974,342	14.82	224,825	8.160	379.96	610	80.8
581 – 600	321	72,465,254	16.53	225,748	8.353	375.53	590	79.8
561 – 580	215	48,309,288	11.02	224,694	8.663	373.09	571	79.6
541 – 560	98	21,261,012	4.85	216,949	8.837	380.01	552	78.5
521 – 540	85	18,807,586	4.29	221,266	9.225	394.83	532	75.5
501 – 520	51	10,845,417	2.47	212,655	9.288	380.51	512	71.3
500 or Less	4	850,745	0.19	212,686	10.435	432.47	500	77.0
Total/Avg./Wtd. Avg.	1,873	\$ 438,441,670	100.00%					

⁽¹⁾ The Credit Bureau Risk Scores referenced in this table with respect to substantially all of the Group 3 Mortgage Loans were obtained by the respective originators from one or more credit reporting agencies, and were determined at the time of origination.

**Credit Grade Categories for the Group 3 Mortgage Loans
in the Statistical Calculation Pool**

Credit Grade Category	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
A.....	1,492	\$ 349,968,960	79.82%	\$ 234,564	8.275%	377.13	625	80.0%
A-.....	71	22,296,802	5.09	314,039	8.452	372.97	588	79.5
B.....	97	24,686,182	5.63	254,497	8.545	378.98	589	75.8
C.....	101	21,630,248	4.93	214,161	8.413	378.99	577	74.7
C-.....	109	19,457,632	4.44	178,510	8.496	374.99	600	78.2
D.....	3	401,845	0.09	133,948	9.619	358.63	587	73.9
Total/Avg./Wtd. Avg.	1,873	\$ 438,441,670	100.00%					

**Prepayment Penalty Periods for the Group 3 Mortgage Loans
in the Statistical Calculation Pool**

Prepayment Penalty Period (months)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
0	392	\$ 104,872,275	23.92%	\$ 267,531	9.104%	375.80	618	80.4%
12	57	16,430,173	3.75	288,249	8.672	380.55	612	78.9
24	849	204,552,726	46.65	240,934	8.388	380.00	612	81.7
36	96	24,567,002	5.60	255,906	7.721	368.48	622	76.5
60	479	88,019,494	20.08	183,757	7.313	373.20	629	74.0
Total/Avg./Wtd. Avg.	1,873	\$ 438,441,670	100.00%					

**Months to Next Adjustment Date for the Group 3
Adjustable Rate Mortgage Loans in the Statistical Calculation Pool**

Range of Months to Next Adjustment Date	Weighted Average Months to Next Adjustment Date	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
0 – 6	6	10	\$ 4,265,444	1.34%	\$ 426,544	8.631%	359.89	578	80.7%
19 – 24	24	1,208	299,762,489	94.05	248,148	8.677	380.31	614	81.9
32 – 37	36	44	11,349,743	3.56	257,949	8.179	370.60	600	79.0
38 or Greater	60	11	3,364,540	1.06	305,867	8.140	376.23	599	80.3
Total/Avg./Wtd. Avg.		1,273	\$ 318,742,216	100.00%					

**Gross Margins for the Group 3 Adjustable Rate Mortgage Loans
in the Statistical Calculation Pool⁽¹⁾**

Range of Gross Margins (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
Less than 1.000	1	\$ 300,000	0.09%	\$ 300,000	7.250%	360.00	656	75.0%
3.001 – 4.000	2	980,820	0.31	490,410	8.167	360.00	587	75.6
4.001 – 5.000	15	3,661,966	1.15	244,131	7.653	359.86	626	82.6
5.001 – 6.000	110	27,948,418	8.77	254,077	7.711	371.55	618	78.6
6.001 – 7.000	437	125,244,928	39.29	286,602	7.962	373.97	615	80.7
7.001 – 8.000	292	81,813,252	25.67	280,182	8.964	385.14	613	83.1
8.001 – 9.000	287	57,757,690	18.12	201,246	9.500	391.28	609	82.0
9.001 – 10.000	90	16,108,666	5.05	178,985	10.432	378.10	619	86.3
10.001 – 11.000	25	4,178,243	1.31	167,130	11.273	368.83	584	85.4
11.001 – 12.000	6	317,600	0.10	52,933	12.489	360.00	569	80.4
12.001 – 13.000	6	319,736	0.10	53,289	13.524	359.43	533	87.2
Greater than 13.000	2	110,897	0.03	55,448	14.570	358.92	562	93.1
Total/Avg./Wtd. Avg.	1,273	\$ 318,742,216	100.00%					

⁽¹⁾ The weighted average Gross Margin for the Group 3 Adjustable Rate Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 7.241%.

**Maximum Mortgage Rates for the Group 3 Adjustable Rate Mortgage Loans
in the Statistical Calculation Pool⁽¹⁾**

Range of Maximum Mortgage Rates (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
12.001 – 12.500	5	\$ 1,991,642	0.62%	\$ 398,328	5.699%	359.39	644	77.0%
12.501 – 13.000	10	3,132,186	0.98	313,219	6.336	377.24	620	77.7
13.001 – 13.500	35	12,154,144	3.81	347,261	6.631	364.66	618	78.5
13.501 – 14.000	83	29,996,801	9.41	361,407	7.011	367.94	626	79.3
14.001 – 14.500	93	28,858,643	9.05	310,308	7.472	379.30	614	79.0
14.501 – 15.000	149	45,800,457	14.37	307,386	8.027	380.97	615	79.7
15.001 – 15.500	141	38,591,104	12.11	273,696	8.422	376.55	624	83.7
15.501 – 16.000	183	46,701,735	14.65	255,201	8.888	386.57	608	82.4
16.001 – 16.500	196	39,671,145	12.45	202,404	9.357	385.73	608	82.1
16.501 – 17.000	172	34,535,764	10.84	200,789	9.815	383.00	607	82.7
17.001 – 17.500	83	18,891,396	5.93	227,607	10.357	388.27	613	85.1
17.501 – 18.000	59	9,111,688	2.86	154,435	10.744	372.16	599	86.1
18.001 – 18.500	28	5,134,809	1.61	183,386	11.351	367.32	594	84.9
18.501 – 19.000	15	2,576,069	0.81	171,738	11.742	368.55	597	91.1
19.001 – 19.500	8	921,720	0.29	115,215	12.209	360.00	594	83.1
Greater than 19.500	13	672,914	0.21	51,763	13.546	359.41	549	87.2
Total/Avg./Wtd. Avg.	1,273	\$ 318,742,216	100.00%					

⁽¹⁾ The weighted average Maximum Mortgage Rate for the Group 3 Adjustable Rate Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 15.529%.

**Initial Periodic Rate Caps for the Group 3 Adjustable Rate Mortgage Loans
in the Statistical Calculation Pool⁽¹⁾**

Initial Periodic Rate Cap (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
1.000	15	\$ 5,172,044	1.62%	\$ 344,803	8.670%	362.47	584	81.2%
1.500	1,053	262,113,126	82.23	248,920	8.642	380.23	615	81.7
2.000	4	1,967,286	0.62	491,821	8.386	392.80	629	90.3
3.000	200	49,223,446	15.44	246,117	8.724	377.29	607	81.6
6.000	1	266,314	0.08	266,314	7.600	479.00	664	80.0
Total/Avg./Wtd. Avg.	1,273	\$ 318,742,216	100.00%					

⁽¹⁾ The weighted average Initial Periodic Rate Cap for the Group 3 Adjustable Rate Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 1.730%.

**Subsequent Periodic Rate Caps for the Group 3 Adjustable Rate Mortgage Loans
in the Statistical Calculation Pool⁽¹⁾**

Subsequent Periodic Rate Cap (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
1.000	190	\$ 48,172,520	15.11%	\$ 253,540	8.711%	374.13	607	81.9%
1.500	1,082	270,361,766	84.82	249,872	8.641	380.65	614	81.7
3.000	1	207,930	0.07	207,930	11.250	359.00	511	80.0
Total/Avg./Wtd. Avg.	1,273	\$ 318,742,216	100.00%					

⁽¹⁾ The weighted average Subsequent Periodic Rate Cap for the Group 3 Adjustable Rate Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 1.425%.

**Minimum Mortgage Rates for the Group 3 Adjustable Rate Mortgage Loans
in the Statistical Calculation Pool⁽¹⁾**

Range of Minimum Mortgage Rates (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
3.001 – 4.000	1	\$ 343,920	0.11%	\$ 343,920	6.625%	360.00	678	80.0%
4.001 – 5.000	2	399,282	0.13	199,641	6.875	358.70	672	87.0
5.001 – 6.000	13	4,335,766	1.36	333,520	6.300	384.06	628	75.6
6.001 – 7.000	102	37,504,571	11.77	367,692	6.847	367.17	620	78.2
7.001 – 8.000	221	70,789,316	22.21	320,314	7.695	377.43	617	80.0
8.001 – 9.000	337	89,096,279	27.95	264,381	8.606	383.54	613	82.3
9.001 – 10.000	368	75,831,492	23.79	206,064	9.527	383.91	611	82.5
Greater than 10.000	229	40,441,589	12.69	176,601	10.754	378.46	601	85.8
Total/Avg./Wtd. Avg.	1,273	\$ 318,742,216	100.00%					

⁽¹⁾ The weighted average Minimum Mortgage Rate for the Group 3 Adjustable Rate Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 8.594%.

**Next Adjustment Dates for the Group 3 Adjustable Rate Mortgage Loans
in the Statistical Calculation Pool⁽¹⁾**

Next Adjustment Date	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
December 2006	1	\$ 467,932	0.15%	\$ 467,932	10.000%	359.00	523	74.9%
January 2007	9	3,797,512	1.19	421,946	8.463	360.00	584	81.4
April 2008	50	13,059,286	4.10	261,186	8.293	372.14	602	77.2
May 2008	32	10,007,189	3.14	312,725	9.013	368.43	599	81.5
June 2008	156	45,686,081	14.33	292,859	8.952	392.78	597	83.0
July 2008	949	228,245,893	71.61	240,512	8.619	378.86	620	81.9
August 2008	21	2,764,040	0.87	131,621	9.503	375.99	581	80.6
March 2009	1	71,845	0.02	71,845	9.125	356.00	620	80.0
April 2009	3	652,005	0.20	217,335	9.929	357.00	591	82.6
May 2009	2	481,767	0.15	240,883	7.718	358.00	600	83.7
June 2009	8	2,061,700	0.65	257,712	8.253	384.02	582	78.9
July 2009	29	7,844,428	2.46	270,498	8.031	369.44	606	78.9
August 2009	1	238,000	0.07	238,000	8.250	360.00	567	62.6
July 2011	8	2,503,199	0.79	312,900	8.042	360.00	610	79.9
August 2011	3	861,341	0.27	287,114	8.426	423.39	567	81.6
Total/Avg./Wtd. Avg.	<u>1,273</u>	<u>\$ 318,742,216</u>	<u>100.00%</u>					

⁽¹⁾ The weighted average Next Adjustment Date for the Group 3 Adjustable Rate Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date is July 2008.

**Interest Only Periods for the Group 3 Mortgage Loans
in the Statistical Calculation Pool**

Interest Only Period (months)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
0	1,346	\$ 284,879,845	64.98%	\$ 211,649	8.459%	386.37	613	78.4%
24	7	2,116,414	0.48	302,345	7.121	357.39	607	76.0
36	1	290,639	0.07	290,639	10.450	358.00	609	86.0
60	519	151,154,772	34.48	291,242	8.062	359.66	625	81.3
Total/Avg./Wtd. Avg.	<u>1,873</u>	<u>\$ 438,441,670</u>	<u>100.00%</u>					

GROUP 2 AND GROUP 3 MORTGAGE LOANS

Mortgage Loan Programs for the Group 2 and Group 3 Mortgage Loans in the Statistical Calculation Pool

Mortgage Loan Program	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
30-Year 6-month LIBOR.....	26	\$ 8,771,862	1.15%	\$ 337,379	8.005%	359.82	572	78.5%
2/28 6-month LIBOR.....	1,473	251,245,184	32.82	170,567	9.012	359.70	595	80.9
2/38 6-month LIBOR.....	412	103,943,838	13.58	252,291	8.722	479.71	594	78.8
2/28 6-month LIBOR – 24- month Interest Only	8	2,287,067	0.30	285,883	7.212	357.44	611	77.8
2/28 6-month LIBOR – 36- month Interest Only	1	290,639	0.04	290,639	10.450	358.00	609	86.0
2/28 6-month LIBOR – 60- month Interest Only	573	159,468,123	20.83	278,304	8.079	359.76	630	81.7
3/27 6-month LIBOR.....	53	9,951,553	1.30	187,765	8.653	359.31	587	79.9
3/37 6-month LIBOR.....	10	2,436,026	0.32	243,603	7.738	479.82	582	72.8
3/27 6-month LIBOR – 60- month Interest Only	24	7,208,447	0.94	300,352	7.520	359.81	619	80.1
5/25 6-month LIBOR.....	17	4,076,773	0.53	239,810	8.053	359.77	599	79.9
5/35 6-month LIBOR.....	5	1,849,000	0.24	369,800	7.304	480.00	566	75.5
5/25 6-month LIBOR – 60- month Interest Only	1	343,920	0.04	343,920	6.625	360.00	678	80.0
15-Year Fixed	35	4,373,015	0.57	124,943	7.504	178.30	605	65.0
15-Year Fixed – Credit Comeback.....	5	489,211	0.06	97,842	8.556	177.63	607	66.9
20-Year Fixed.....	4	335,884	0.04	83,971	8.455	239.45	627	84.3
30-Year Fixed.....	807	146,556,749	19.15	181,607	7.609	358.42	620	73.4
30-Year Fixed –Credit Comeback.....	112	19,346,241	2.53	172,734	8.394	357.99	609	75.7
40-Year Fixed.....	139	29,335,733	3.83	211,048	7.525	479.08	627	78.1
40-Year Fixed –Credit Comeback.....	10	1,499,985	0.20	149,998	8.178	479.23	623	70.7
30-Year Fixed– 60-month Interest Only	43	11,201,108	1.46	260,491	7.164	358.79	639	78.0
40/30 Fixed Balloon.....	1	415,585	0.05	415,585	7.500	357.00	584	80.0
Total/Avg./Wtd. Avg.....	<u>3,759</u>	<u>\$ 765,425,943</u>	<u>100.00%</u>					

Original Terms to Stated Maturity for the Group 2 and Group 3 Mortgage Loans in the Statistical Calculation Pool

Original Term (months)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
ARM 360.....	2,176	\$ 443,643,568	57.96%	\$ 203,880	8.605%	359.70	608	81.1%
ARM 480.....	427	\$108,228,864	14.14	253,463	8.676	479.72	593	78.6
Fixed 180.....	40	\$4,862,226	0.64	121,556	7.610	178.23	605	65.2
Fixed 240.....	4	\$335,884	0.04	83,971	8.455	239.45	627	84.3
Fixed 360.....	963	\$177,519,683	23.19	184,340	7.667	358.39	620	74.0
Fixed 480.....	149	\$30,835,718	4.03	206,951	7.557	479.09	627	77.7
Total/Avg./Wtd. Avg.....	<u>3,759</u>	<u>\$ 765,425,943</u>	<u>100.00%</u>					

**Mortgage Loan Principal Balances for the Group 2 and Group 3 Mortgage Loans
in the Statistical Calculation Pool**

Range of Mortgage Loan Principal Balances (\$)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
25,000.01 – 50,000.00.....	28	\$ 1,253,206	0.16%	\$ 44,757	10.847%	333.58	576	68.4%
50,000.01 – 75,000.00.....	331	21,011,895	2.75	63,480	9.874	361.36	600	80.3
75,000.01 – 100,000.00.....	386	33,987,239	4.44	88,050	8.948	364.72	604	79.2
100,000.01 – 150,000.00.....	857	107,113,052	13.99	124,986	8.687	370.72	601	78.3
150,000.01 – 200,000.00.....	630	109,776,118	14.34	174,248	8.330	379.32	608	78.6
200,000.01 – 250,000.00.....	483	108,016,285	14.11	223,636	8.180	383.78	607	78.3
250,000.01 – 300,000.00.....	370	101,002,813	13.20	272,981	8.199	380.68	614	79.2
300,000.01 – 350,000.00.....	225	72,410,347	9.46	321,824	8.217	383.64	609	79.6
350,000.01 – 400,000.00.....	144	54,016,776	7.06	375,116	8.133	387.96	616	78.6
400,000.01 – 450,000.00.....	95	40,440,570	5.28	425,690	8.128	393.28	605	80.3
450,000.01 – 500,000.00.....	87	41,547,521	5.43	477,558	8.027	384.82	612	78.3
500,000.01 – 550,000.00.....	54	28,448,546	3.72	526,825	8.321	390.71	628	82.1
550,000.01 – 600,000.00.....	25	14,492,103	1.89	579,684	7.842	373.31	612	75.3
600,000.01 – 650,000.00.....	11	6,858,374	0.90	623,489	8.481	392.04	610	77.3
650,000.01 – 700,000.00.....	14	9,349,156	1.22	667,797	8.015	367.58	617	78.8
700,000.01 – 750,000.00.....	11	8,001,972	1.05	727,452	7.597	392.01	630	79.3
850,000.01 – 900,000.00.....	3	2,651,797	0.35	883,932	8.767	359.00	636	77.6
Greater than 900,000.00.....	5	5,048,173	0.66	1,009,635	8.849	359.25	611	70.8
Total/Avg./Wtd. Avg.	<u>3,759</u>	<u>\$ 765,425,943</u>	<u>100.00%</u>					

**State Distribution of the Mortgaged Properties for the Group 2 and Group 3 Mortgage Loans
in the Statistical Calculation Pool**

State	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
Alabama.....	50	\$ 5,913,099	0.77%	\$ 118,262	8.887%	359.85	611	81.2%
Alaska.....	10	2,224,502	0.29	222,450	9.073	381.72	599	85.2
Arizona.....	189	38,847,922	5.08	205,545	8.355	383.97	609	79.4
Arkansas.....	17	2,052,337	0.27	120,726	9.239	357.77	606	89.9
California.....	602	194,788,637	25.45	323,569	7.759	390.68	616	76.2
Colorado.....	43	8,284,778	1.08	192,669	8.712	371.80	605	86.3
Connecticut.....	49	10,831,844	1.42	221,058	8.578	369.25	606	79.3
Delaware.....	10	2,075,081	0.27	207,508	8.158	359.42	637	83.7
District of Columbia.....	8	2,078,653	0.27	259,832	8.300	359.40	605	68.5
Florida.....	502	100,565,725	13.14	200,330	8.347	380.59	612	78.3
Georgia.....	161	25,627,965	3.35	159,180	9.215	371.68	599	82.6
Hawaii.....	28	9,204,699	1.20	328,739	7.825	383.36	632	76.0
Idaho.....	27	5,168,825	0.68	191,438	8.292	391.59	599	79.0
Illinois.....	179	35,686,783	4.66	199,368	8.946	379.48	613	78.6
Indiana.....	62	6,160,822	0.80	99,368	9.488	372.04	594	83.3
Iowa.....	15	1,433,187	0.19	95,546	9.069	355.80	604	81.7
Kansas.....	20	2,126,813	0.28	106,341	9.516	363.77	618	81.4
Kentucky.....	33	3,607,195	0.47	109,309	9.174	371.74	596	82.4
Louisiana.....	35	4,271,410	0.56	122,040	9.106	350.60	597	80.5
Maine.....	7	1,645,856	0.22	235,122	7.967	367.00	642	80.4
Maryland.....	81	19,976,238	2.61	246,620	8.278	378.72	599	79.5
Massachusetts.....	68	16,958,436	2.22	249,389	8.248	367.99	599	76.8
Michigan.....	136	14,326,164	1.87	105,339	9.206	362.13	606	81.7
Minnesota.....	35	7,613,678	0.99	217,534	8.912	374.99	614	84.2
Mississippi.....	23	2,745,804	0.36	119,383	8.889	382.72	590	85.5
Missouri.....	63	7,860,792	1.03	124,774	9.518	370.22	595	84.4
Montana.....	9	1,373,799	0.18	152,644	8.029	358.48	596	80.5
Nebraska.....	13	1,393,518	0.18	107,194	8.627	359.48	604	81.9
Nevada.....	68	16,891,388	2.21	248,403	7.924	383.08	623	81.0
New Hampshire.....	22	4,602,841	0.60	209,220	8.167	375.77	600	83.1
New Jersey.....	85	22,885,413	2.99	269,240	8.273	376.48	596	74.4
New Mexico.....	19	2,720,646	0.36	143,192	9.072	377.90	599	79.6
New York.....	99	28,297,126	3.70	285,830	8.018	375.89	610	73.0
North Carolina.....	62	8,286,405	1.08	133,652	9.115	373.04	603	81.9
North Dakota.....	2	284,550	0.04	142,275	11.078	360.00	571	95.3
Ohio.....	83	9,146,858	1.20	110,203	9.120	379.86	600	82.2
Oklahoma.....	29	2,423,191	0.32	83,558	9.364	363.30	601	86.6
Oregon.....	63	11,770,637	1.54	186,836	8.151	400.57	610	80.3
Pennsylvania.....	88	13,610,306	1.78	154,663	8.803	371.03	591	80.5
Rhode Island.....	9	1,884,944	0.25	209,438	7.912	376.08	597	74.7
South Carolina.....	21	2,320,664	0.30	110,508	9.047	359.08	599	82.8
South Dakota.....	4	471,610	0.06	117,903	9.294	360.00	621	83.6
Tennessee.....	74	10,470,541	1.37	141,494	9.269	370.12	602	84.6
Texas.....	242	30,566,651	3.99	126,308	8.870	360.11	603	83.4
Utah.....	35	7,321,079	0.96	209,174	8.308	390.05	615	83.0
Vermont.....	6	1,037,936	0.14	172,989	7.893	359.04	583	80.8
Virginia.....	101	23,098,316	3.02	228,696	8.050	380.60	595	77.8
Washington.....	127	26,693,712	3.49	210,187	8.208	386.79	612	80.0
West Virginia.....	11	1,037,384	0.14	94,308	8.785	366.36	576	79.3
Wisconsin.....	29	3,956,149	0.52	136,419	9.596	359.47	626	81.4
Wyoming.....	5	803,033	0.10	160,607	9.050	359.44	622	85.1
Total/Avg./Wtd. Avg.....	3,759	\$ 765,425,943	100.00%					

**Loan-to-Value Ratios for the Group 2 and Group 3 Mortgage Loans
in the Statistical Calculation Pool**

Range of Loan-to-Value Ratios (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
50.00 or Less.....	116	\$ 19,102,094	2.50%	\$ 164,673	7.842%	360.01	602	40.7%
50.01 – 55.00	75	16,082,993	2.10	214,440	7.788	388.67	592	52.6
55.01 – 60.00	78	14,832,383	1.94	190,159	7.742	363.89	596	58.1
60.01 – 65.00	157	35,975,583	4.70	229,144	7.614	385.64	596	63.4
65.01 – 70.00	233	50,507,103	6.60	216,769	7.842	386.01	588	68.6
70.01 – 75.00	346	77,218,979	10.09	223,176	8.057	381.28	591	73.8
75.01 – 80.00	1,470	288,536,707	37.70	196,283	8.429	379.95	620	79.6
80.01 – 85.00	401	86,205,918	11.26	214,977	8.369	381.08	599	84.3
85.01 – 90.00	591	127,662,917	16.68	216,012	8.592	381.92	616	89.6
90.01 – 95.00	221	38,786,224	5.07	175,503	9.326	370.86	614	94.7
95.01 – 100.00	71	10,515,042	1.37	148,099	9.152	369.09	641	99.8
Total/Avg./Wtd. Avg.....	3,759	\$ 765,425,943	100.00%					

**Current Mortgage Rates for the Group 2 and Group 3 Mortgage Loans
in the Statistical Calculation Pool**

Range of Current Mortgage Rates (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
5.001 – 5.500	5	\$ 1,675,242	0.22%	\$ 335,048	5.466%	370.02	628	74.4%
5.501 – 6.000	29	7,734,975	1.01	266,723	5.942	373.09	665	70.2
6.001 – 6.500	156	41,773,487	5.46	267,779	6.342	377.31	647	72.6
6.501 – 7.000	360	91,524,488	11.96	254,235	6.833	369.00	628	75.4
7.001 – 7.500	355	82,690,703	10.80	232,932	7.329	377.11	616	75.6
7.501 – 8.000	544	121,767,230	15.91	223,837	7.803	381.84	615	77.8
8.001 – 8.500	443	90,028,079	11.76	203,224	8.295	379.63	611	80.7
8.501 – 9.000	575	110,576,098	14.45	192,306	8.798	387.98	600	80.7
9.001 – 9.500	385	71,319,490	9.32	185,245	9.293	383.91	596	80.9
9.501 – 10.000	403	68,670,215	8.97	170,398	9.779	383.47	593	81.3
10.001 – 10.500	207	37,794,170	4.94	182,581	10.316	382.91	589	82.7
10.501 – 11.000	164	22,686,074	2.96	138,330	10.758	376.28	577	83.6
11.001 – 11.500	64	8,963,481	1.17	140,054	11.313	372.87	578	83.1
11.501 – 12.000	37	5,375,179	0.70	145,275	11.778	363.83	581	86.1
12.001 – 12.500	14	1,513,824	0.20	108,130	12.242	359.92	581	82.7
12.501 – 13.000	6	414,400	0.05	69,067	12.700	360.00	551	82.2
13.001 – 13.500	5	574,654	0.08	114,931	13.453	359.62	535	88.3
13.501 – 14.000	4	195,363	0.03	48,841	13.729	359.71	533	86.3
Greater than 14.000.....	3	148,791	0.02	49,597	14.553	358.94	572	94.9
Total/Avg./Wtd. Avg.....	3,759	\$ 765,425,943	100.00%					

**Types of Mortgaged Properties for the Group 2 and Group 3 Mortgage Loans
in the Statistical Calculation Pool**

Mortgaged Property Type	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
Single Family Residence.....	2,930	\$ 573,629,051	74.94%	\$ 195,778	8.274%	380.43	608	78.6%
Planned Unit Development....	516	122,435,542	16.00	237,278	8.542	379.94	607	80.9
Low-Rise Condominium.....	189	38,863,290	5.08	205,626	8.490	376.02	622	79.6
Two Family Home.....	85	22,412,733	2.93	263,679	8.860	379.07	616	74.1
Three Family Home.....	10	2,913,516	0.38	291,352	8.408	383.11	620	73.0
High-Rise Condominium.....	14	2,722,492	0.36	194,464	8.366	370.28	659	81.0
Manufactured Housing ⁽¹⁾	13	1,927,223	0.25	148,248	9.022	362.07	655	65.7
Four Family Home.....	2	522,096	0.07	261,048	9.597	319.42	620	75.1
Total/Avg./Wtd. Avg.	3,759	\$ 765,425,943	100.00%					

⁽¹⁾ Treated as real property.

**Loan Purposes for the Group 2 and Group 3 Mortgage Loans
in the Statistical Calculation Pool**

Loan Purpose	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
Refinance – Cash Out.....	2,051	\$ 454,414,569	59.37%	\$ 221,558	8.028%	381.63	599	76.1%
Purchase.....	1,514	278,915,353	36.44	184,224	8.910	377.62	625	83.3
Refinance – Rate/Term.....	194	32,096,021	4.19	165,443	8.018	377.04	615	79.1
Total/Avg./Wtd. Avg.	3,759	\$ 765,425,943	100.00%					

**Occupancy Types for the Group 2 and Group 3 Mortgage Loans
in the Statistical Calculation Pool⁽¹⁾**

Occupancy Type	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
Owner Occupied.....	3,629	\$ 740,034,445	96.68%	\$ 203,922	8.325%	380.01	608	78.8%
Investment Property.....	103	19,597,725	2.56	190,269	9.052	382.84	651	80.1
Second Home.....	27	5,793,772	0.76	214,584	9.023	365.61	626	82.1
Total/Avg./Wtd. Avg.	3,759	\$ 765,425,943	100.00%					

⁽¹⁾ Based on representations by the Mortgagors at the time of origination of the related Mortgage Loans.

**Remaining Terms to Stated Maturity for the Group 2 and Group 3 Mortgage Loans
in the Statistical Calculation Pool**

Range of Remaining Terms (months)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
121 – 180	40	\$ 4,862,226	0.64%	\$ 121,556	7.610%	178.23	605	65.2%
181 – 300	4	335,884	0.04	83,971	8.455	239.45	627	84.3
301 – 360	3,139	621,163,251	81.15	197,886	8.337	359.33	611	79.0
Greater than 360	576	139,064,582	18.17	241,432	8.428	479.58	601	78.4
Total/Avg./Wtd. Avg.	<u>3,759</u>	<u>\$ 765,425,943</u>	<u>100.00%</u>					

**Loan Documentation Types for the Group 2 and Group 3 Mortgage Loans
in the Statistical Calculation Pool**

Loan Documentation Type	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
Full Documentation	2,394	\$ 442,749,232	57.84%	\$ 184,941	8.116%	376.17	601	79.5%
Stated Income	1,365	322,676,710	42.16	236,393	8.668	385.19	620	77.9
Total/Avg./Wtd. Avg.	<u>3,759</u>	<u>\$ 765,425,943</u>	<u>100.00%</u>					

**Credit Bureau Risk Scores⁽¹⁾ for the Group 2 and Group 3 Mortgage Loans
in the Statistical Calculation Pool**

Range of Credit Bureau Risk Scores	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
801 – 820	2	\$ 637,719	0.08%	\$ 318,860	7.540%	360.00	804	63.7%
781 – 800	8	2,437,784	0.32	304,723	6.990	379.09	789	72.7
761 – 780	19	4,267,356	0.56	224,598	7.169	389.66	771	75.8
741 – 760	25	5,978,905	0.78	239,156	8.089	406.28	748	81.0
721 – 740	50	10,840,919	1.42	216,818	7.703	388.15	728	79.6
701 – 720	59	12,750,292	1.67	216,107	7.854	373.40	711	80.0
681 – 700	132	30,866,211	4.03	233,835	7.937	364.13	691	79.5
661 – 680	232	50,601,865	6.61	218,111	7.767	368.65	669	80.4
641 – 660	410	91,301,440	11.93	222,686	8.104	376.41	649	81.3
621 – 640	524	106,206,171	13.88	202,684	8.194	380.02	630	79.4
601 – 620	526	105,113,721	13.73	199,836	8.144	383.89	610	80.1
581 – 600	586	113,517,530	14.83	193,716	8.379	377.75	590	78.7
561 – 580	456	90,011,043	11.76	197,393	8.602	379.55	571	79.1
541 – 560	284	55,834,119	7.29	196,599	8.770	384.44	551	77.3
521 – 540	267	51,785,731	6.77	193,954	9.234	393.50	531	74.6
501 – 520	171	31,749,187	4.15	185,668	9.229	381.19	511	72.1
500 or Less	8	1,525,950	0.20	190,744	10.146	435.29	500	73.6
Total/Avg./Wtd. Avg.	<u>3,759</u>	<u>\$ 765,425,943</u>	<u>100.00%</u>					

⁽¹⁾ The Credit Bureau Risk Scores referenced in this table with respect to substantially all of the Group 2 and Group 3 Mortgage Loans were obtained by the respective originators from one or more credit reporting agencies, and were determined at the time of origination.

**Credit Grade Categories for the Group 2 and Group 3 Mortgage Loans
in the Statistical Calculation Pool**

Credit Grade Category	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
A	2,828	\$ 580,876,182	75.89%	\$ 205,402	8.271%	380.06	618	79.8%
A-	157	37,543,223	4.90	239,129	8.446	375.42	583	77.9
B	302	63,337,848	8.27	209,728	8.692	386.02	575	75.4
C	245	46,657,355	6.10	190,438	8.578	375.63	574	73.4
C-	212	34,374,239	4.49	162,143	8.528	378.49	600	78.7
D	15	2,637,095	0.34	175,806	9.443	376.50	561	66.2
Total/Avg./Wtd. Avg.	3,759	\$ 765,425,943	100.00%					

**Prepayment Penalty Periods for the Group 2 and Group 3 Mortgage Loans
in the Statistical Calculation Pool**

Prepayment Penalty Period (months)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
0	993	\$ 205,306,987	26.82%	\$ 206,754	8.919%	374.93	609	79.6%
12	144	34,319,385	4.48	238,329	8.343	376.51	606	74.9
24	1,746	359,387,464	46.95	205,835	8.412	385.01	603	80.6
28	1	104,500	0.01	104,500	7.650	360.00	687	77.4
30	2	358,357	0.05	179,179	8.976	358.44	616	76.2
36	394	77,929,756	10.18	197,791	7.725	379.32	616	76.0
60	479	88,019,494	11.50	183,757	7.313	373.20	629	74.0
Total/Avg./Wtd. Avg.	3,759	\$ 765,425,943	100.00%					

**Months to Next Adjustment Date for the Group 2 and Group 3
Adjustable Rate Mortgage Loans in the Statistical Calculation Pool**

Range of Months to Next Adjustment Date	Weighted Average Months to Next Adjustment Date	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
0 – 6	6	26	\$ 8,771,862	1.59%	\$ 337,379	8.005%	359.82	572	78.5%
19 – 24	24	2,467	517,234,851	93.72	209,661	8.659	383.83	606	80.7
32 – 37	36	87	19,596,026	3.55	225,242	8.123	374.47	598	79.1
38 or Greater	60	23	6,269,693	1.14	272,595	7.754	395.24	594	78.6
Total/Avg./Wtd. Avg.		2,603	\$ 551,872,432	100.00%					

**Gross Margins for the Group 2 and Group 3 Adjustable Rate Mortgage Loans
in the Statistical Calculation Pool⁽¹⁾**

Range of Gross Margins (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
Less than 1.000	1	\$ 300,000	0.05%	\$ 300,000	7.250%	360.00	656	75.0%
3.001 – 4.000	9	2,648,974	0.48	294,330	8.679	372.86	590	74.3
4.001 – 5.000	71	13,145,000	2.38	185,141	8.123	372.12	619	78.8
5.001 – 6.000	302	63,224,676	11.46	209,353	7.922	381.11	615	77.8
6.001 – 7.000	1,089	237,580,570	43.05	218,164	8.177	379.35	604	80.0
7.001 – 8.000	715	156,180,379	28.30	218,434	9.012	389.24	599	81.6
8.001 – 9.000	287	57,757,690	10.47	201,246	9.500	391.28	609	82.0
9.001 – 10.000	90	16,108,666	2.92	178,985	10.432	378.10	619	86.3
10.001 – 11.000	25	4,178,243	0.76	167,130	11.273	368.83	584	85.4
11.001 – 12.000	6	317,600	0.06	52,933	12.489	360.00	569	80.4
12.001 – 13.000	6	319,736	0.06	53,289	13.524	359.43	533	87.2
Greater than 13.000.....	2	110,897	0.02	55,448	14.570	358.92	562	93.1
Total/Avg./Wtd. Avg.	2,603	\$ 551,872,432	100.00%					

⁽¹⁾ The weighted average Gross Margin for the Group 2 and Group 3 Adjustable Rate Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 6.987%.

**Maximum Mortgage Rates for the Group 2 and Group 3 Adjustable Rate Mortgage Loans
in the Statistical Calculation Pool⁽¹⁾**

Range of Maximum Mortgage Rates (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
12.001 – 12.500	8	\$ 2,611,642	0.47%	\$ 326,455	5.810%	366.42	652	77.7%
12.501 – 13.000	23	6,193,359	1.12	269,276	6.251	380.56	628	76.3
13.001 – 13.500	73	20,988,433	3.80	287,513	6.639	375.34	618	77.1
13.501 – 14.000	182	53,339,177	9.67	293,072	7.048	372.54	617	78.4
14.001 – 14.500	188	49,778,460	9.02	264,779	7.520	380.76	613	78.6
14.501 – 15.000	332	81,272,607	14.73	244,797	8.009	386.97	611	79.2
15.001 – 15.500	330	73,982,309	13.41	224,189	8.434	381.89	609	81.8
15.501 – 16.000	443	88,326,854	16.00	199,383	8.890	390.31	600	81.5
16.001 – 16.500	320	60,011,992	10.87	187,537	9.377	385.31	596	80.8
16.501 – 17.000	326	55,881,578	10.13	171,416	9.819	386.78	595	81.6
17.001 – 17.500	154	29,073,605	5.27	188,790	10.358	388.50	595	83.2
17.501 – 18.000	121	16,907,938	3.06	139,735	10.753	374.98	579	84.0
18.001 – 18.500	45	6,682,950	1.21	148,510	11.333	367.39	585	83.6
18.501 – 19.000	29	4,132,035	0.75	142,484	11.758	365.26	587	87.1
19.001 – 19.500	12	1,394,180	0.25	116,182	12.229	360.00	581	81.9
Greater than 19.500.....	17	1,295,314	0.23	76,195	13.350	359.69	542	86.5
Total/Avg./Wtd. Avg.	2,603	\$ 551,872,432	100.00%					

⁽¹⁾ The weighted average Maximum Mortgage Rate for the Group 2 and Group 3 Adjustable Rate Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 15.485%.

**Initial Periodic Rate Caps for the Group 2 and Group 3 Adjustable Rate Mortgage Loans
in the Statistical Calculation Pool⁽¹⁾**

Initial Periodic Rate Cap (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
1.000	33	\$ 10,116,215	1.83%	\$ 306,552	8.077%	361.11	579	79.1%
1.500	2,115	444,692,817	80.58	210,257	8.626	383.06	606	80.7
2.000	7	2,282,112	0.41	326,016	8.466	388.09	622	90.7
3.000	446	94,282,973	17.08	211,397	8.652	386.14	599	80.1
6.000	2	498,314	0.09	249,157	8.205	423.60	614	80.0
Total/Avg./Wtd. Avg.	2,603	\$ 551,872,432	100.00%					

⁽¹⁾ The weighted average Initial Periodic Rate Cap for the Group 2 and Group 3 Adjustable Rate Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 1.753%.

**Subsequent Periodic Rate Caps for the Group 2 and Group 3 Adjustable Rate Mortgage Loans
in the Statistical Calculation Pool⁽¹⁾**

Subsequent Periodic Rate Cap (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
1.000	412	\$ 90,088,994	16.32%	\$ 218,663	8.627%	379.96	598	80.3%
1.500	2,189	461,467,645	83.62	210,812	8.616	383.90	606	80.6
3.000	2	315,793	0.06	157,896	10.533	359.00	540	80.0
Total/Avg./Wtd. Avg.	2,603	\$ 551,872,432	100.00%					

⁽¹⁾ The weighted average Subsequent Periodic Rate Cap for the Group 2 and Group 3 Adjustable Rate Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 1.419%.

**Minimum Mortgage Rates for the Group 2 and Group 3 Adjustable Rate Mortgage Loans
in the Statistical Calculation Pool⁽¹⁾**

Range of Minimum Mortgage Rates (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to-Value Ratio
3.001 – 4.000	1	\$ 343,920	0.06%	\$ 343,920	6.625%	360.00	678	80.0%
4.001 – 5.000	3	604,282	0.11	201,427	6.917	399.85	663	78.2
5.001 – 6.000	31	8,083,423	1.46	260,756	6.411	384.67	631	75.5
6.001 – 7.000	213	64,241,382	11.64	301,603	6.862	371.30	615	77.6
7.001 – 8.000	495	127,287,157	23.06	257,146	7.731	384.76	612	79.2
8.001 – 9.000	777	165,581,760	30.00	213,104	8.592	386.23	606	81.2
9.001 – 10.000	664	120,396,145	21.82	181,319	9.539	385.91	598	81.4
Greater than 10.000	419	65,334,362	11.84	155,929	10.753	379.31	585	83.6
Total/Avg./Wtd. Avg.	2,603	\$ 551,872,432	100.00%					

⁽¹⁾ The weighted average Minimum Mortgage Rate for the Group 2 and Group 3 Adjustable Rate Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date was approximately 8.555%.

**Next Adjustment Dates for the Group 2 and Group 3 Adjustable Rate Mortgage Loans
in the Statistical Calculation Pool⁽¹⁾**

Next Adjustment Date	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
October 2006	1	\$ 377,018	0.07%	\$ 377,018	6.750%	357.00	515	76.4%
December 2006.....	1	467,932	0.08	467,932	10.000	359.00	523	74.9
January 2007.....	24	7,926,912	1.44	330,288	7.947	360.00	578	78.8
March 2008.....	1	55,917	0.01	55,917	10.875	356.00	511	80.0
April 2008.....	79	18,512,444	3.35	234,335	8.331	372.88	595	76.3
May 2008.....	57	13,909,663	2.52	244,029	8.983	369.92	591	81.1
June 2008.....	275	67,630,242	12.25	245,928	8.917	394.41	592	82.2
July 2008	2,005	410,127,963	74.32	204,553	8.612	383.15	609	80.6
August 2008.....	50	6,998,622	1.27	139,972	9.130	377.96	606	80.8
March 2009.....	1	71,845	0.01	71,845	9.125	356.00	620	80.0
April 2009.....	6	1,302,348	0.24	217,058	9.564	357.20	561	77.6
May 2009.....	5	1,159,296	0.21	231,859	8.058	358.23	598	79.5
June 2009.....	13	2,893,628	0.52	222,587	8.584	376.90	579	80.2
July 2009	59	13,670,308	2.48	231,700	7.877	375.32	606	79.3
August 2009.....	3	498,600	0.09	166,200	8.422	422.72	579	69.0
April 2011.....	1	317,793	0.06	317,793	6.000	357.00	584	75.0
July 2011	17	4,308,559	0.78	253,445	7.829	377.05	598	76.4
August 2011.....	5	1,643,341	0.30	328,668	7.896	450.33	586	85.0
Total/Avg./Wtd. Avg.....	<u>2,603</u>	<u>\$ 551,872,432</u>	<u>100.00%</u>					

⁽¹⁾ The weighted average Next Adjustment Date for the Group 2 and Group 3 Adjustable Rate Mortgage Loans in the Statistical Calculation Pool as of the Cut-off Date is July 2008.

**Interest Only Periods for the Group 2 and Group 3 Mortgage Loans
in the Statistical Calculation Pool**

Interest Only Period (months)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Aggregate Principal Balance Outstanding	Average Current Principal Balance	Weighted Average Gross Mortgage Rate	Weighted Average Remaining Term (months)	Weighted Average Credit Bureau Risk Score	Weighted Average Loan-to- Value Ratio
0	3,109	\$ 584,626,639	76.38%	\$ 188,043	8.460%	386.25	603	78.0%
24	8	2,287,067	0.30	285,883	7.212	357.44	611	77.8
36	1	290,639	0.04	290,639	10.450	358.00	609	86.0
60	641	178,221,597	23.28	278,037	7.996	359.70	631	81.4
Total/Avg./Wtd. Avg.....	<u>3,759</u>	<u>\$ 765,425,943</u>	<u>100.00%</u>					

Global Clearance, Settlement and Tax Documentation Procedures

Except in certain limited circumstances, the globally offered CWABS, Inc. Asset-Backed Certificates, Series 2006-13, (the “**Global Securities**”) will be available only in book-entry form. Investors in the Global Securities may hold the Global Securities through any of DTC, Clearstream, Luxembourg or Euroclear. The Global Securities will be tradable as home market instruments in both the European and U.S. domestic markets. Initial settlement and all secondary trades will settle in same-day funds.

Secondary market trading between investors holding Global Securities through Clearstream, Luxembourg and Euroclear will be conducted in the ordinary way in accordance with their normal rules and operating procedures and in accordance with conventional Eurobond practice (i.e., seven calendar day settlement).

Secondary market trading between investors holding Global Securities through DTC will be conducted according to the rules and procedures applicable to U.S. corporate debt obligations and prior mortgage pass-through certificate issues.

Secondary cross-market trading between Clearstream, Luxembourg or Euroclear and DTC Participants holding Certificates will be effected on a delivery-against-payment basis through the respective Depositories of Clearstream, Luxembourg and Euroclear (in such capacity) and as DTC Participants.

Non-U.S. holders (as described below) of Global Securities will be subject to U.S. withholding taxes unless the holders meet certain requirements and deliver appropriate U.S. tax documents to the securities clearing organizations or their participants.

Initial Settlement

All Global Securities will be held in book-entry form by DTC in the name of Cede & Co. as nominee of DTC. Investors’ interests in the Global Securities will be represented through financial institutions acting on their behalf as direct and indirect Participants in DTC. As a result, Clearstream, Luxembourg and Euroclear will hold positions on behalf of their participants through their respective Depositories, which in turn will hold the positions in accounts as DTC Participants.

Investors electing to hold their Global Securities through DTC will follow the settlement practices applicable to prior mortgage pass-through certificate issues. Investor securities custody accounts will be credited with their holdings against payment in same-day funds on the settlement date.

Investors electing to hold their Global Securities through Clearstream, Luxembourg or Euroclear accounts will follow the settlement procedures applicable to conventional Eurobonds, except that there will be no temporary global security and no “**lock-up**” or restricted period. Global Securities will be credited to the securities custody accounts on the settlement date against payment in same-day funds.

Secondary Market Trading

Since the purchaser determines the place of delivery, it is important to establish at the time of the trade where both the purchaser’s and seller’s accounts are located to ensure that settlement can be made on the desired value date.

Trading between DTC Participants. Secondary market trading between DTC Participants will be settled using the procedures applicable to prior mortgage pass-through certificate issues in same-day funds.

Trading between Clearstream, Luxembourg and/or Euroclear Participants. Secondary market trading between Clearstream, Luxembourg Participants or Euroclear Participants will be settled using the procedures applicable to conventional Eurobonds in same-day funds.

Trading between DTC Seller and Clearstream, Luxembourg or Euroclear Purchaser. When Global Securities are to be transferred from the account of a DTC Participant to the account of a Clearstream, Luxembourg Participant or a Euroclear Participant, the purchaser will send instructions to Clearstream, Luxembourg or Euroclear through a Clearstream, Luxembourg Participant or Euroclear Participant at least one Business Day prior to settlement. Clearstream, Luxembourg or Euroclear will instruct the respective Depository, as the case may be, to receive the Global Securities against payment. Payment will include interest accrued on the Global Securities from and including the last coupon payment date to and excluding the settlement date, on the basis of a 360-day year and either the actual number of days in the related accrual period or a year consisting of twelve 30-day months, as applicable. For transactions settling on the 31st of the month, payment will include interest accrued to and excluding the first day of the following month. Payment will then be made by the respective Depository of the DTC Participant's account against delivery of the Global Securities. After settlement has been completed, the Global Securities will be credited to the respective clearing system and by the clearing system, in accordance with its usual procedures, to the Clearstream, Luxembourg Participant's or Euroclear Participant's account. The securities credit will appear the next day (European time) and the cash debt will be back-valued to, and the interest on the Global Securities will accrue from, the value date (which would be the preceding day when settlement occurred in New York). If settlement is not completed on the intended value date (i.e., the trade fails), the Clearstream, Luxembourg or Euroclear cash debt will be valued instead as of the actual settlement date.

Clearstream, Luxembourg Participants and Euroclear Participants will need to make available to the respective clearing systems the funds necessary to process same-day funds settlement. The most direct means of doing so is to preposition funds for settlement, either from cash on hand or existing lines of credit, as they would for any settlement occurring within Clearstream, Luxembourg or Euroclear. Under this approach, they may take on credit exposure to Clearstream, Luxembourg or Euroclear until the Global Securities are credited to their accounts one day later.

As an alternative, if Clearstream, Luxembourg or Euroclear has extended a line of credit to them, Clearstream, Luxembourg Participants or Euroclear Participants can elect not to preposition funds and allow that credit line to be drawn upon the finance settlement. Under this procedure, Clearstream, Luxembourg Participants or Euroclear Participants purchasing Global Securities would incur overdraft charges for one day, assuming they cleared the overdraft when the Global Securities were credited to their accounts. However, interest on the Global Securities would accrue from the value date. Therefore, in many cases the investment income on the Global Securities earned during that one-day period may substantially reduce or offset the amount of the overdraft charges, although this result will depend on each Clearstream, Luxembourg Participant's or Euroclear Participant's particular cost of funds.

Since the settlement is taking place during New York business hours, DTC Participants can employ their usual procedures for sending Global Securities to the respective European Depository for the benefit of Clearstream, Luxembourg Participants or Euroclear Participants. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the DTC Participants a cross-market transaction will settle no differently than a trade between two DTC Participants.

Trading between Clearstream, Luxembourg or Euroclear Seller and DTC Purchaser. Due to time zone differences in their favor, Clearstream, Luxembourg Participants and Euroclear Participants may employ their customary procedures for transactions in which Global Securities are to be transferred by the respective clearing system, through the respective Depository, to a DTC Participant. The seller will send instructions to Clearstream, Luxembourg or Euroclear through a Clearstream, Luxembourg Participant or Euroclear Participant at least one Business Day prior to settlement. In these cases Clearstream, Luxembourg or Euroclear will instruct the respective Depository, as appropriate, to deliver the Global Securities to the DTC Participant's account against payment. Payment will include interest accrued on the Global Securities from and including the last coupon payment to and excluding the settlement date on the basis of a 360-day year and either the actual number of days in the related accrual period or a year consisting of twelve 30-day months, as applicable. For transactions settling on the 31st of the month, payment will include interest accrued to and excluding the first day of the following month. The payment

will then be reflected in the account of the Clearstream, Luxembourg Participant or Euroclear Participant the following day, and receipt of the cash proceeds in the Clearstream, Luxembourg Participant's or Euroclear Participant's account would be back-valued to the value date (which would be the preceding day, when settlement occurred in New York). Should the Clearstream, Luxembourg Participant or Euroclear Participant have a line of credit with its respective clearing system and elect to be in debt in anticipation of receipt of the sale proceeds in its account, the back-valuation will extinguish any overdraft incurred over that one-day period. If settlement is not completed on the intended value date (i.e., the trade fails), receipt of the cash proceeds in the Clearstream, Luxembourg Participant's or Euroclear Participant's account would instead be valued as of the actual settlement date.

Finally, day traders that use Clearstream, Luxembourg or Euroclear and that purchase Global Securities from DTC Participants for delivery to Clearstream, Luxembourg Participants or Euroclear Participants should note that these trades would automatically fail on the sale side unless affirmative action were taken. At least three techniques should be readily available to eliminate this potential problem:

- (a) borrowing through Clearstream, Luxembourg or Euroclear for one day (until the purchase side of the day trade is reflected in their Clearstream, Luxembourg or Euroclear accounts) in accordance with the clearing system's customary procedures;
- (b) borrowing the Global Securities in the U.S. from a DTC Participant no later than one day prior to settlement, which would give the Global Securities sufficient time to be reflected in their Clearstream, Luxembourg or Euroclear account in order to settle the sale side of the trade; or
- (c) staggering the value dates for the buy and sell sides of the trade so that the value date for the purchase from the DTC Participant is at least one day prior to the value date for the sale to the Clearstream, Luxembourg Participant or Euroclear Participant.

Certain U.S. Federal Income Tax Documentation Requirements

A beneficial owner of Global Securities holding securities through Clearstream, Luxembourg or Euroclear (or through DTC if the holder has an address outside the U.S.) will be subject to the 30% U.S. withholding tax that generally applies to payments of interest (including original issue discount) on registered debt issued by U.S. Persons, unless (i) each clearing system, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business in the chain of intermediaries between the beneficial owner and the U.S. entity required to withhold tax complies with applicable certification requirements and (ii) the beneficial owner takes one of the following steps to obtain an exemption or reduced tax rate:

Exemption for non-U.S. Persons or Reduced Rate for non-U.S. Persons Resident in Treaty Countries (Form W-8BEN). In general, beneficial owners of Global Securities that are non-U.S. Persons can obtain a complete exemption from the withholding tax by filing a signed Form W-8BEN Certificate of Foreign Status of Beneficial Owners for United States Tax Withholding. Non-U.S. Persons that are Certificate Owners residing in a country that has a tax treaty with the United States also can obtain an exemption or reduced tax rate (depending on the treaty terms) by filing Form W-8BEN (Certificate of Foreign Status of Beneficial Owners for United States Tax Withholding). If the information shown on Form W-8BEN changes, a new Form W-8BEN must be filed within 30 days of the change. More complex rules apply if Global Securities are held through a non-U.S. intermediary (which includes an agent, nominee, custodian, or other person who holds a Global Security for the account of another) or a non-U.S. flow-through entity (which includes a partnership, trust, and certain fiscally transparent entities).

Exemption for non-U.S. Persons with Effectively Connected Income (Form W-8ECI). In general, a non-U.S. Person, including a non-U.S. corporation or bank with a U.S. branch, for which the interest income is effectively connected with its conduct of a trade or business in the United States, can obtain an exemption from the withholding tax by filing Form W-8ECI (Certificate of Foreign Person's Claim for Exemption from Withholding On Income Effectively Connected with the Conduct of a Trade or Business in the United States). More complex rules apply where Global Securities are held through a Non-U.S. intermediary or Non-U.S. flow through entity.

Exemption for U.S. Persons (Form W-9). U.S. Persons can obtain a complete exemption from the withholding tax by filing Form W-9 (Payer's Request for Taxpayer Identification Number and Certification).

U.S. Federal Income Tax Reporting Procedure. The Certificate Owner of a Global Security, files by submitting the appropriate form to the person through whom it holds (the clearing agency, in the case of persons holding directly on the books of the clearing agency). Generally, a Form W-8BEN and a Form W-8ECI will remain in effect for a period starting on the date the form is signed and ending on the last day of the third succeeding calendar year unless a change in circumstances makes any information of the form incorrect. In addition, a Form W-8BEN furnished with a U.S. taxpayer identification number will remain in effect until a change in circumstances makes any information of the form incorrect, provided that the withholding agent reports on Form 1042 at least one payment annually to the beneficial owner who provided the form.

The term "***U.S. Person***" means:

- (1) a citizen or resident of the United States,
- (2) a corporation or partnership (including an entity treated as a corporation or partnership for U.S. federal income tax purposes) organized in or under the laws of the United States, any State thereof or the District of Columbia,
- (3) an estate the income of which is includible in gross income for United States tax purposes, regardless of its source,
- (4) a trust if a court within the United States is able to exercise primary supervision of the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust. This summary does not deal with all aspects of U.S. Federal income tax withholding that may be relevant to foreign holders of the Global Securities. Investors are advised to consult their tax advisors for specific tax advice concerning their holding and disposing of the Global Securities, or
- (5) certain eligible trusts that elect to be taxed as U.S. persons.

CWABS, INC.

Depositor

Asset Backed Securities (Issuable in Series)

Please carefully consider our discussion of some of the risks of investing in the securities under “Risk Factors” beginning on page 2.

The securities will represent obligations of the related trust fund only and will not represent an interest in or obligation of CWABS, Inc., any seller, servicer, or any of their affiliates.

The Trusts

Each trust will be established to hold assets in its trust fund transferred to it by CWABS, Inc. The assets in each trust fund will be specified in the prospectus supplement for the particular trust and will generally consist of:

- first or subordinate lien mortgage loans secured by one- to four-family residential properties;
- mortgage loans secured by first and/or subordinate liens on small multifamily residential properties, such as rental apartment buildings or projects containing five to fifty residential units;
- closed-end and/or revolving home equity loans, secured in whole or in part by first and/or subordinate liens on one- to four-family residential properties;
- home improvement loans, secured by first or subordinate liens on one- to four-family residential properties or by personal property security interests, and home improvement sales contracts, secured by personal property security interests;
- collections arising from one or more types of the loans described above which are not used to make payments on securities issued by a trust fund, including excess servicing fees and prepayment charges;
- mortgage pass-through securities issued or guaranteed by Ginnie Mae, Fannie Mae, or Freddie Mac; or
- mortgage-backed securities evidencing an interest in, or secured by, loans of the type that would otherwise be eligible to be loans included in a trust fund and issued by entities other than Ginnie Mae, Fannie Mae or Freddie Mac.

The Securities

CWABS, Inc. will sell either certificates or notes pursuant to a prospectus supplement. The securities will be grouped into one or more series, each having its own distinct designation. Each series will be issued in one or more classes and each class will evidence beneficial ownership of (in the case of certificates) or a right to receive payments supported by (in the case of notes) a specified portion of future payments on the assets in the trust fund that the series relates to. A prospectus supplement for a series will specify all of the terms of the series and of each of the classes in the series.

Credit Enhancement

If the securities have any type of credit enhancement, the prospectus supplement for the related series will describe the credit enhancement. The types of credit enhancement are generally described in this prospectus.

Offers of Securities

The securities may be offered through several different methods, including offerings through underwriters.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

June 26, 2006

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**Important Notice About Information in This Prospectus and Each
Accompanying Prospectus Supplement**

Information about each series of securities is contained in two separate documents:

- this prospectus, which provides general information, some of which may not apply to a particular series; and
- the accompanying prospectus supplement for a particular series, which describes the specific terms of the securities of that series.

The prospectus supplement will contain information about a particular series that supplements the information contained in this prospectus, and you should rely on that supplementary information in the prospectus supplement.

You should rely only on the information in this prospectus and the accompanying prospectus supplement. We have not authorized anyone to provide you with information that is different from that contained in this prospectus and the accompanying prospectus supplement.

If you require additional information, the mailing address of our principal executive offices is CWABS, Inc., 4500 Park Granada, Calabasas, California 91302 and the telephone number is (818) 225-3000. For other means of acquiring additional information about us or a series of securities, see “The Trust Fund — Available Information” and “— Incorporation of Certain Documents by Reference; Reports Filed with the SEC” beginning on page 25.

Risk Factors

You should carefully consider the following information since it identifies significant risks associated with an investment in the securities.

Limited Source Of Payments — No Recourse To Sellers, Depositor Or Servicer

The applicable prospectus supplement may provide that securities will be payable from other trust funds in addition to their associated trust fund, but if it does not, they will be payable solely from their associated trust fund. If the trust fund does not have sufficient assets to distribute the full amount due to you as a securityholder, your yield will be impaired, and perhaps even the return of your principal may be impaired, without your having recourse to anyone else. Furthermore, at the times specified in the applicable prospectus supplement, certain assets of the trust fund may be released and paid out to other people, such as the depositor, a servicer, a credit enhancement provider, or any other person entitled to payments from the trust fund. Those assets will no longer be available to make payments to you. Those payments are generally made after other specified payments that may be set forth in the applicable prospectus supplement have been made.

You will not have any recourse against the depositor or any servicer if you do not receive a required distribution on the securities. Nor will you have recourse against the assets of the trust fund of any other series of securities.

The securities will not represent an interest in the depositor, any servicer, any seller to the depositor, or anyone else except the trust fund. The only obligation of the depositor to a trust fund comes from certain representations and warranties made by it about assets transferred to the trust fund. If these representations and warranties turn out to be untrue, the depositor may be required to repurchase some of the transferred assets. CWABS, Inc., which is the depositor, does not have significant assets and is unlikely to have significant assets in the future. So if the depositor were required to repurchase a loan because of a breach of a representation, its only sources of funds for the repurchase would be:

- funds obtained from enforcing a corresponding obligation of a seller or originator of the loan, or
- funds from a reserve fund or similar credit enhancement established to pay for loan repurchases.

The only obligations of the master servicer to a trust fund (other than its master servicing obligations) comes from certain representations and warranties made by it in connection with its loan servicing activities. If these representations and warranties turn out to be untrue, the master servicer may be required to repurchase or substitute for some of the loans. However, the master servicer may not have the financial ability to make the required repurchase or substitution.

The only obligations to a trust fund of a seller of loans to the depositor comes from certain representations and warranties made by it in connection with its sale of the loans and certain document delivery requirements. If these representations and warranties turn out to be untrue, or the seller fails to deliver required documents, it may be

required to repurchase or substitute for some of the loans. However, the seller may not have the financial ability to make the required repurchase or substitution.

Credit Enhancement May Not Be Sufficient To Protect You From Losses

Credit enhancement is intended to reduce the effect of loan losses. But credit enhancements may benefit only some classes of a series of securities and the amount of any credit enhancement will be limited as described in the related prospectus supplement. Furthermore, the amount of a credit enhancement may decline over time pursuant to a schedule or formula or otherwise, and could be depleted from payments or for other reasons before the securities covered by the credit enhancement are paid in full. In addition, a credit enhancement may not cover all potential sources of loss. For example, a credit enhancement may or may not cover fraud or negligence by a loan originator or other parties. Also, all or a portion of the credit enhancement may be reduced, substituted for, or even eliminated so long as the rating agencies rating the securities indicate that the change in credit enhancement would not cause them to change adversely their rating of the securities. Consequently, securityholders may suffer losses even though a credit enhancement exists and its provider does not default.

Nature Of Mortgages

Junior Status of Liens Securing Home Equity Loans and Home Improvement Loans Could Adversely Affect You

The mortgages and deeds of trust securing the home equity loans and home improvement loans will be primarily junior liens subordinate to the rights of the mortgagee under the related senior mortgage(s) or deed(s) of trust. Accordingly, the proceeds from any liquidation, insurance or condemnation proceeds will be available to satisfy the outstanding balance of the junior lien only to the extent that the claims of the related senior mortgagees have been satisfied in full, including any related foreclosure costs. In addition, if a junior mortgagee forecloses on the property securing a junior mortgage, it forecloses subject to any senior mortgage and must take one of the following steps to protect its interest in the property:

- pay the senior mortgage in full at or prior to the foreclosure sale, or
- assume the payments on the senior mortgage in the event the mortgagor is in default under the senior mortgage.

The trust fund may effectively be prevented from foreclosing on the related property since it will have no funds to satisfy any senior mortgages or make payments due to any senior mortgagees.

Some states have imposed legal limits on the remedies of a secured lender in the event that the proceeds of any sale under a deed of trust or other foreclosure proceedings are insufficient to pay amounts owed to that secured lender. In some states, including California, if a lender simultaneously originates a loan secured by a senior lien on a particular property and a loan secured by a junior lien on the same property, that lender as the holder of the junior lien may be precluded from obtaining a deficiency judgment with respect to the excess of:

- the aggregate amount owed under both the senior and junior loans over

- the proceeds of any sale under a deed of trust or other foreclosure proceedings.

See “Certain Legal Aspects of the Loans — Anti-Deficiency Legislation; Bankruptcy Laws; Tax Liens.”

*Cooperative Loans May Experience
Relatively Higher Losses*

Cooperative loans are evidenced by promissory notes secured by security interests in shares issued by private corporations that are entitled to be treated as housing cooperatives under the Internal Revenue Code and in the related proprietary leases or occupancy agreements granting exclusive rights to occupy specific dwelling units in the corporations’ buildings.

If there is a blanket mortgage (or mortgages) on the cooperative apartment building and/or underlying land, as is generally the case, the cooperative, as property borrower, is responsible for meeting these mortgage or rental obligations. If the cooperative is unable to meet the payment obligations arising under a blanket mortgage, the mortgagee holding a blanket mortgage could foreclose on that mortgage and terminate all subordinate proprietary leases and occupancy agreements. A foreclosure by the holder of a blanket mortgage could eliminate or significantly diminish the value of any collateral held by the lender who financed an individual tenant-stockholder of cooperative shares or, in the case of the mortgage loans, the collateral securing the cooperative loans.

If there is an underlying lease of the land, as is the case in some instances, the cooperative is responsible for meeting the related rental obligations. If the cooperative is unable to meet its obligations arising under its land lease, the holder of the land lease could terminate the land lease and all subordinate proprietary leases and occupancy agreements. The termination of the land lease by its holder could eliminate or significantly diminish the value of any collateral held by the lender who financed an individual tenant-stockholder of the cooperative shares or, in the case of the mortgage loans, the collateral securing the cooperative loans. A land lease also has an expiration date and the inability of the cooperative to extend its term or, in the alternative, to purchase the land could lead to termination of the cooperative’s interest in the property and termination of all proprietary leases and occupancy agreements which could eliminate or significantly diminish the value of the related collateral.

In addition, if the corporation issuing the shares related to the cooperative loans fails to qualify as a cooperative housing corporation under the Internal Revenue Code, the value of the collateral securing the cooperative loan could be significantly impaired because the tenant-stockholders would not be permitted to deduct its proportionate share of certain interest expenses and real estate taxes of the corporation.

The cooperative shares and proprietary lease or occupancy agreement pledged to the lender are, in almost all cases, subject to restrictions on transfer, including obtaining the consent of the cooperative housing corporation prior to the transfer, which may impair the value of the collateral after a default by the borrower due to an inability to find a transferee acceptable to the related housing corporation.

*Home Improvement Loans Secured
by Personal Property May
Experience Relatively Higher
Losses*

A borrower's obligations under a home improvement loan may be secured by the personal property which was purchased with the proceeds of the home improvement loan. The liquidation value of the related personal property is likely to be significantly less than the original purchase price of that property. In the event that the borrower on a home improvement loan defaults while a significant portion of the loan is outstanding, it is likely that the amount recovered from the sale of the related personal property will be insufficient to pay the related liquidation expenses and satisfy the remaining unpaid balance of the related loan. In that case, one or more classes of securities will suffer a loss. See “*Certain Legal Aspects of the Loans — Home Improvement Finance*” for a description of certain legal issues related to home improvement loans.

*Declines in Property Values May
Adversely Affect You*

The value of the properties underlying the loans held in the trust fund may decline over time. Among the factors that could adversely affect the value of the properties are:

- an overall decline in the residential real estate market in the areas in which they are located,
- a decline in their general condition from the failure of borrowers to maintain their property adequately, and
- natural disasters that are not covered by insurance, such as earthquakes and floods.

In the case of home equity loans, declining property values could diminish or extinguish the value of a junior mortgage before reducing the value of a senior mortgage on the same property.

If property values decline, the actual rates of delinquencies, foreclosures, and losses on all underlying loans could be higher than those currently experienced in the mortgage lending industry in general. These losses, to the extent not otherwise covered by a credit enhancement, will be borne by the holder of one or more classes of securities.

*Delays in Liquidation May
Adversely Affect You*

Even if the properties underlying the loans held in the trust fund provide adequate security for the loans, substantial delays could occur before defaulted loans are liquidated and their proceeds are forwarded to investors. Property foreclosure actions are regulated by state statutes and rules and are subject to many of the delays and expenses of other lawsuits if defenses or counterclaims are made, sometimes requiring several years to complete. Furthermore, an action to obtain a deficiency judgment is regulated by statutes and rules, and the amount or availability of a deficiency judgment may be limited by law. In the event of a default by a borrower, these restrictions may impede the ability of the servicer to foreclose on or to sell the mortgaged property or to obtain a deficiency judgment, to obtain sufficient proceeds to repay the loan in full.

In addition, the servicer will be entitled to deduct from liquidation proceeds all expenses reasonably incurred in attempting to recover on the defaulted loan, including legal and appraisal fees and costs, real estate taxes, and property maintenance and preservation expenses.

In the event that:

- the mortgaged properties fail to provide adequate security for the related loans,
- if applicable to a series as specified in the related prospectus supplement, excess cashflow (if any) and overcollateralization (if any) is insufficient to cover these shortfalls,
- if applicable to a series as specified in the related prospectus supplement, the subordination of certain classes are insufficient to cover these shortfalls, and
- with respect to the securities with the benefit of an insurance policy as specified in the related prospectus supplement, the credit enhancement provider fails to make the required payments under the related insurance policies,

you could lose all or a portion of the money you paid for the securities and could also have a lower yield than anticipated at the time you purchased the securities.

*Disproportionate Effect of
Liquidation Expenses May
Adversely Affect You*

Liquidation expenses of defaulted loans generally do not vary directly with the outstanding principal balance of the loan at the time of default. Therefore, if a servicer takes the same steps for a defaulted loan having a small remaining principal balance as it does for a defaulted loan having a large remaining principal balance, the amount realized after expenses is smaller as a percentage of the outstanding principal balance of the small loan than it is for the defaulted loan having a large remaining principal balance.

*Consumer Protection Laws May
Adversely Affect You*

Federal, state and local laws extensively regulate various aspects of brokering, originating, servicing and collecting loans secured by consumers' dwellings. Among other things, these laws may regulate interest rates and other charges, require disclosures, impose financial privacy requirements, mandate specific business practices, and prohibit unfair and deceptive trade practices. In addition, licensing requirements may be imposed on persons that broker, originate, service or collect loans secured by consumers' dwellings.

Additional requirements may be imposed under federal, state or local laws on so-called "high cost mortgage loans," which typically are defined as loans secured by a consumer's dwelling that have interest rates or origination costs in excess of prescribed levels. These laws may limit certain loan terms, such as prepayment charges, or the ability of a creditor to refinance a loan unless it is in the borrower's interest. In addition, certain of these laws may allow claims against loan brokers or originators, including claims based on fraud or misrepresentations, to be asserted against persons acquiring the loans, such as the trust fund.

The federal laws that may apply to loans held in the trust fund include the following:

- the Truth in Lending Act and its regulations, which (among other things) require disclosures to borrowers regarding the terms of loans and provide consumers who pledged their principal dwelling as collateral in a non-purchase money transaction with a right of rescission that generally extends for three days after proper disclosures are given;
- the Home Ownership and Equity Protection Act and its regulations, which (among other things) imposes additional disclosure requirements and limitations on loan terms with respect to non-purchase money, installment loans secured by the consumer's principal dwelling that have interest rates or origination costs in excess of prescribed levels;
- the Home Equity Loan Consumer Protection Act and its regulations, which (among other things) limit changes that may be made to open-end loans secured by the consumer's dwelling, and restricts the ability to accelerate balances or suspend credit privileges on these loans;
- the Real Estate Settlement Procedures Act and its regulations, which (among other things) prohibit the payment of referral fees for real estate settlement services (including mortgage lending and brokerage services) and regulate escrow accounts for taxes and insurance and billing inquiries made by borrowers;
- the Equal Credit Opportunity Act and its regulations, which (among other things) generally prohibit discrimination in any aspect of a credit transaction on certain enumerated basis, such as age, race, color, sex, religion, marital status, national origin or receipt of public assistance;
- the Federal Trade Commission's Rule on Preservation of Consumer Claims and Defenses, which generally provides that the rights of an assignee of a conditional sales contract (or of certain lenders making purchase money loans) to enforce a consumer credit obligation are subject to the claims and defenses that the consumer could assert against the seller of goods or services financed in the credit transaction; and
- the Fair Credit Reporting Act, which (among other things) regulates the use of consumer reports obtained from consumer reporting agencies and the reporting of payment histories to consumer reporting agencies.

The penalties for violating these federal, state, or local laws vary depending on the applicable law and the particular facts of the situation. However, private plaintiffs typically may assert claims for actual damages and, in some cases, also may recover civil money penalties or exercise a right to rescind the loan. Violations of certain laws may limit the ability to collect all or part of the principal or interest on a loan and,

in some cases, borrowers even may be entitled to a refund of amounts previously paid. Federal, state and local administrative or law enforcement agencies also may be entitled to bring legal actions, including actions for civil money penalties or restitution, for violations of certain of these laws.

Depending on the particular alleged misconduct, it is possible that claims may be asserted against various participants in secondary market transactions, including assignees that hold the loans, such as the trust fund. Losses on loans from the application of these federal, state and local laws that are not otherwise covered by one or more forms of credit enhancement will be borne by the holders of one or more classes of securities. Additionally, the trust may experience losses arising from lawsuits related to alleged violations of these laws, which, if not covered by one or more forms of credit enhancement or the related seller, will be borne by the holders of one or more classes of securities.

*Losses on Balloon Payment
Mortgages Are Borne by You*

Some of the mortgage loans held in the trust fund may not be fully amortizing over their terms to maturity and, thus, will require substantial principal payments (that is, balloon payments) at their stated maturity. Loans with balloon payments involve a greater degree of risk than fully amortizing loans because typically the borrower must be able to refinance the loan or sell the property to make the balloon payment at maturity. The ability of a borrower to do this will depend on factors such as mortgage rates at the time of sale or refinancing, the borrower's equity in the property, the relative strength of the local housing market, the financial condition of the borrower, and tax laws. Losses on these loans that are not otherwise covered by a credit enhancement will be borne by the holders of one or more classes of securities.

**Your Risk Of Loss May Be Higher
Than You Expect If Your Securities
Are Backed By Multifamily Loans**

Multifamily lending may expose the lender to a greater risk of loss than single family residential lending. Owners of multifamily residential properties rely on monthly lease payments from tenants to

- pay for maintenance and other operating expenses of those properties,
- fund capital improvements, and
- service any mortgage loan and any other debt that may be secured by those properties.

Various factors, many of which are beyond the control of the owner or operator of a multifamily property, may affect the economic viability of that property.

Changes in payment patterns by tenants may result from a variety of social, legal and economic factors. Economic factors include the rate of inflation, unemployment levels and relative rates offered for various types of housing. Shifts in economic factors may trigger changes in payment patterns including increased risks of defaults by tenants and higher vacancy rates. Adverse economic conditions, either local or national, may limit the amount of rent that can be charged and may result in a reduction in timely lease payments or a reduction in occupancy levels. Occupancy and rent levels may also be affected by construction

of additional housing units, competition and local politics, including rent stabilization or rent control laws and policies. In addition, the level of mortgage interest rates may encourage tenants to purchase single family housing. We are unable to determine and have no basis to predict whether, or to what extent, economic, legal or social factors will affect future rental or payment patterns.

The location and construction quality of a particular building may affect the occupancy level as well as the rents that may be charged for individual units. The characteristics of a neighborhood may change over time or in relation to newer developments. The effects of poor construction quality will increase over time in the form of increased maintenance and capital improvements. Even good construction will deteriorate over time if adequate maintenance is not performed in a timely fashion.

Impact Of World Events

The economic impact of the United States' military operations in Iraq and other parts of the world, as well as the possibility of any terrorist attacks domestically or abroad, is uncertain, but could have a material effect on general economic conditions, consumer confidence, and market liquidity. We can give no assurance as to the effect of these events on consumer confidence and the performance of the loans held by trust fund. Any adverse impact resulting from these events would be borne by the holders of one or more classes of the securities.

United States military operations also increase the likelihood of shortfalls under the Servicemembers Civil Relief Act or similar state laws (referred to as the "Relief Act"). The Relief Act provides relief to borrowers who enter active military service and to borrowers in reserve status who are called to active duty after the origination of their loan. The Relief Act provides generally that these borrowers may not be charged interest on a loan in excess of 6% per annum during the period of the borrower's active duty. These shortfalls are not required to be paid by the borrower at any future time and will not be advanced by the servicer, unless otherwise specified in the related prospectus supplement. To the extent these shortfalls reduce the amount of interest paid to the holders of securities with the benefit of an insurance policy, unless otherwise specified in the related prospectus supplement, they will not be covered by the related insurance policy. In addition, the Relief Act imposes limitations that would impair the ability of the servicer to foreclose on an affected loan during the borrower's period of active duty status, and, under some circumstances, during an additional period thereafter.

In addition, pursuant to the laws of various states, under certain circumstances, payments on mortgage loans by residents in such states who are called into active duty with the National Guard or the reserves will be deferred. These state laws may also limit the ability of the servicer to foreclose on the related mortgaged property. This could result in delays or reductions in payment and increased losses on the mortgage loans which would be borne by the securityholders.

Your Risk Of Loss May Be Higher Than You Expect If Your Securities Are Backed By Partially Unsecured Home Equity Loans

The trust fund may also include home equity loans that were originated with loan-to-value ratios or combined loan-to-value ratios in excess of the value of the related mortgaged property. Under these circumstances, the trust fund could be treated as a general unsecured creditor as to any unsecured portion of any related loan. In the event of a default under a loan that is unsecured in part, the trust fund will have recourse only against the borrower's assets generally for the unsecured portion of the loan, along with all other general unsecured creditors of the borrower.

You Could Be Adversely Affected By Violations Of Environmental Laws

Federal, state, and local laws and regulations impose a wide range of requirements on activities that may affect the environment, health, and safety. In certain circumstances, these laws and regulations impose obligations on "owners" or "operators" of residential properties such as those that secure the loans held in the trust fund. Failure to comply with these laws and regulations can result in fines and penalties that could be assessed against the trust if it were to be considered an "owner" or "operator" of the related property. A property "owner" or "operator" can also be held liable for the cost of investigating and remediating contamination, regardless of fault, and for personal injury or property damage arising from exposure to contaminants.

In some states, a lien on the property due to contamination has priority over the lien of an existing mortgage. Also, a mortgage lender may be held liable as an "owner" or "operator" for costs associated with the release of hazardous substances from a site, or petroleum from an underground storage tank under certain circumstances. If the trust were to be considered the "owner" or "operator" of a property, it will suffer losses as a result of any liability imposed for environmental hazards on the property.

Ratings Of The Securities Do Not Assure Their Payment

Any class of securities issued under this prospectus and the accompanying prospectus supplement will be rated in one of the rating categories which signifies investment grade by at least one nationally recognized rating agency. A rating is based on the adequacy of the value of the trust assets and any credit enhancement for that class, and reflects the rating agency's assessment of how likely it is that holders of the class of securities will receive the payments to which they are entitled. A rating does not constitute an assessment of how likely it is that principal prepayments on the underlying loans will be made, the degree to which the rate of prepayments might differ from that originally anticipated, or the likelihood that the securities will be redeemed early. A rating is not a recommendation to purchase, hold, or sell securities because it does not address the market price of the securities or the suitability of the securities for any particular investor.

A rating may not remain in effect for any given period of time and the rating agency could lower or withdraw the rating entirely in the future. For example, the rating agency could lower or withdraw its rating due to:

- a decrease in the adequacy of the value of the trust assets or any related credit enhancement,
- an adverse change in the financial or other condition of a credit enhancement provider, or

- a change in the rating of the credit enhancement provider's long-term debt.

The amount, type, and nature of credit enhancement established for a class of securities will be determined on the basis of criteria established by each rating agency rating classes of the securities. These criteria are sometimes based upon an actuarial analysis of the behavior of similar loans in a larger group. That analysis is often the basis upon which each rating agency determines the amount of credit enhancement required for a class. The historical data supporting any actuarial analysis may not accurately reflect future experience, and the data derived from a large pool of similar loans may not accurately predict the delinquency, foreclosure, or loss experience of any particular pool of mortgage loans. Mortgaged properties may not retain their values. If residential real estate markets experience an overall decline in property values such that the outstanding principal balances of the loans held in a particular trust fund and any secondary financing on the related mortgaged properties become equal to or greater than the value of the mortgaged properties, the rates of delinquencies, foreclosures, and losses could be higher than those now generally experienced in the mortgage lending industry. In addition, adverse economic conditions may affect timely payment by mortgagors on their loans whether or not the conditions affect real property values and, accordingly, the rates of delinquencies, foreclosures, and losses in any trust fund. Losses from this that are not covered by a credit enhancement will be borne, at least in part, by the holders of one or more classes of securities.

Book-Entry Registration

Limit on Liquidity

Securities issued in book-entry form may have only limited liquidity in the resale market, since investors may be unwilling to purchase securities for which they cannot obtain physical instruments.

Limit on Ability to Transfer or Pledge

Transactions in book-entry securities can be effected only through The Depository Trust Company, its participating organizations, its indirect participants, and certain banks. Therefore, your ability to transfer or pledge securities issued in book-entry form may be limited.

Delays in Distributions

You may experience some delay in the receipt of distributions on book-entry securities since the distributions will be forwarded by the trustee to The Depository Trust Company for it to credit the accounts of its participants. In turn, these participants will then credit the distributions to your account either directly or indirectly through indirect participants.

Secondary Market For The Securities May Not Exist

The related prospectus supplement for each series will specify the classes in which the underwriter intends to make a secondary market, but no underwriter will have any obligation to do so. We can give no assurance that a secondary market for the securities will develop or, if it develops, that it will continue. Consequently, you may not be able to sell your securities readily or at prices that will enable you to realize your desired yield. The market values of the securities are likely to fluctuate. Fluctuations may be significant and could result in significant losses to you.

The secondary markets for asset backed securities have experienced periods of illiquidity and can be expected to do so in the future. Illiquidity can have a severely adverse effect on the prices of securities that are

especially sensitive to prepayment, credit or interest rate risk, or that have been structured to meet the investment requirements of limited categories of investors.

Bankruptcy Or Insolvency May Affect The Timing And Amount Of Distributions On The Securities

Each seller and the depositor will take steps to structure the transfer of the loans held in the trust fund by the seller to the depositor as a sale. The depositor and the trust fund will take steps to structure the transfer of the loans from the depositor to the trust fund as a sale. If these characterizations are correct, then if the seller were to become bankrupt, the loans would not be part of the seller's bankruptcy estate and would not be available to the seller's creditors. On the other hand, if the seller becomes bankrupt, its bankruptcy trustee or one of its creditors may attempt to recharacterize the sale of the loans as a borrowing by the seller, secured by a pledge of the loans. Presenting this position to a bankruptcy court could prevent timely payments on the securities and even reduce the payments on the securities. Additionally, if that argument is successful, the bankruptcy trustee could elect to sell the loans and pay down the securities early. Thus, you could lose the right to future payments of interest, and might suffer reinvestment losses in a lower interest rate environment.

Similarly, if the characterizations of the transfers as sales are correct, then if the depositor were to become bankrupt, the loans would not be part of the depositor's bankruptcy estate and would not be available to the depositor's creditors. On the other hand, if the depositor becomes bankrupt, its bankruptcy trustee or one of its creditors may attempt to recharacterize the sale of the loans as a borrowing by the depositor, secured by a pledge of the loans. Presenting this position to a bankruptcy court could prevent timely payments on the securities and even reduce the payments on the securities.

If the master servicer becomes bankrupt, the bankruptcy trustee may have the power to prevent the appointment of a successor master servicer. Any related delays in servicing could result in increased delinquencies or losses on the loans. The period during which cash collections may be commingled with the master servicer's own funds before each distribution date for securities will be specified in the applicable prospectus supplement. If the master servicer becomes bankrupt and cash collections have been commingled with the master servicer's own funds, the trust fund will likely not have a perfected interest in those collections. In this case the trust might be an unsecured creditor of the master servicer as to the commingled funds and could recover only its share as a general creditor, which might be nothing. Collections that are not commingled but still in an account of the master servicer might also be included in the bankruptcy estate of the master servicer even though the trust may have a perfected security interest in them. Their inclusion in the bankruptcy estate of the master servicer may result in delays in payment and failure to pay amounts due on the securities.

Federal and state statutory provisions affording protection or relief to distressed borrowers may affect the ability of the secured mortgage lender to realize upon its security in other situations as well. For example, in a proceeding under the federal Bankruptcy Code, a lender may not foreclose on a mortgaged property without the permission of the bankruptcy court. And in certain instances a bankruptcy court may allow a borrower to reduce the monthly payments, change the rate of interest,

and alter the mortgage loan repayment schedule for under-collateralized mortgage loans. The effect of these types of proceedings can be to cause delays in receiving payments on the loans underlying securities and even to reduce the aggregate amount of payments on the loans underlying securities.

**The Principal Amount Of Securities
May Exceed The Market Value Of
The Trust Fund Assets**

The market value of the assets relating to a series of securities at any time may be less than the principal amount of the securities of that series then outstanding, plus accrued interest. In the case of a series of notes, after an event of default and a sale of the assets relating to a series of securities, the trustee, the master servicer, the credit enhancer, if any, and any other service provider specified in the related prospectus supplement generally will be entitled to receive the proceeds of that sale to the extent of unpaid fees and other amounts owing to them under the related transaction document prior to distributions to securityholders. Upon any sale of the assets in connection with an event of default, the proceeds may be insufficient to pay in full the principal of and interest on the securities of the related series.

Certain capitalized terms are used in this prospectus to assist you in understanding the terms of the securities. The capitalized terms used in this prospectus are defined on the pages indicated under the caption “Index to Defined Terms” beginning on page 114.

The Trust Fund

General

The securities of each series will represent interests in the assets of the related trust fund, and the notes of each series will be secured by the pledge of the assets of the related trust fund. The trust fund for each series will be held by the trustee for the benefit of the related securityholders. Each trust fund will consist of the trust fund assets (the “Trust Fund Assets”) consisting of:

- a pool comprised of loans as specified in the related prospectus supplement, together with payments relating to those loans as specified in the related prospectus supplement;
- a pool comprised of collections arising from one or more types of loans that would otherwise be eligible to be loans included in a trust fund;
- mortgage pass-through securities (the “Agency Securities”) issued or guaranteed by Ginnie Mae, Fannie Mae or Freddie Mac or
- other mortgage pass-through certificates or collateralized mortgage obligations (the “Non-Agency Mortgage-Backed Securities”) evidencing an interest in, or secured by, loans of the type that would otherwise be eligible to be loans included in a trust fund.

The pool will be created on the first day of the month of the issuance of the related series of securities or on another date specified in the related prospectus supplement. The securities will be entitled to payment from the assets of the related trust fund or funds or other assets pledged for the benefit of the securityholders, as specified in the related prospectus supplement and will not be entitled to payments in respect of the assets of any other trust fund established by the depositor.*

The Trust Fund Assets will be acquired by the depositor, either directly or through affiliates, from originators or sellers which may be affiliates of the depositor (the “Sellers”), and conveyed without recourse by the depositor to the related trust fund. Loans acquired by the depositor will have been originated in accordance with the underwriting criteria specified below under “Loan Program — Underwriting Standards” or as otherwise described in the related prospectus supplement. See “Loan Program — Underwriting Standards.”

The depositor will cause the Trust Fund Assets to be assigned to the trustee named in the related prospectus supplement for the benefit of the holders of the securities of the related series. The master servicer named in the related prospectus supplement will service the Trust Fund Assets, either directly or through other servicing institutions called sub-servicers, pursuant to a Pooling and Servicing Agreement (each, a “Pooling and Servicing Agreement” among the depositor, the master servicer and the trustee with respect to a series consisting of certificates, or a sale and servicing agreement (each, a “Sale and Servicing Agreement”) between the trustee and the master servicer with respect to a series consisting of certificates and notes, and will receive a fee for these services. The Pooling and Servicing Agreements and the Sale and Servicing Agreements are also referred to as “Master Servicing Agreements”) in this prospectus. See “Loan Program” and “The Agreements.” With respect to loans serviced by the master servicer through a sub-servicer, the master servicer will remain liable for its servicing obligations under the related Agreement as if the master servicer alone were servicing those loans.

* Whenever the terms pool, certificates, notes and securities are used in this prospectus, those terms will be considered to apply, unless the context indicates otherwise, to one specific pool and the securities of one series including the certificates representing undivided interests in, and/or notes secured by the assets of, a single trust fund consisting primarily of the loans in that pool. Similarly, the term “Pass- Through Rate” will refer to the pass-through rate borne by the certificates and the term interest rate will refer to the interest rate borne by the notes of one specific series, as applicable, and the term trust fund will refer to one specific trust fund.

If so specified in the related prospectus supplement, a trust fund relating to a series of securities may be a business trust or common law trust formed under the laws of the state specified in the related prospectus supplement pursuant to a trust agreement (each, a “Trust Agreement”) between the depositor and the trustee of the trust fund.

As used herein, “Agreement” means, with respect to a series consisting of certificates, the Pooling and Servicing Agreement, and with respect to a series consisting of certificates and notes, the Trust Agreement, the Indenture and the Sale and Servicing Agreement, as the context requires.

With respect to each trust fund, prior to the initial offering of the related series of securities, the trust fund will have no assets or liabilities. No trust fund is expected to engage in any activities other than acquiring, managing and holding of the related Trust Fund Assets and other assets contemplated herein specified and in the related prospectus supplement and the proceeds thereof, issuing securities and making payments and distributions thereon and certain related activities. No trust fund is expected to have any source of capital other than its assets and any related credit enhancement.

The applicable prospectus supplement may provide for additional obligations of the depositor, but if it does not, the only obligations of the depositor with respect to a series of securities will be to obtain certain representations and warranties from the sellers and to assign to the trustee for that series of securities the depositor’s rights with respect to the representations and warranties. See “The Agreements — Assignment of the Trust Fund Assets.” The obligations of the master servicer with respect to the loans will consist principally of its contractual servicing obligations under the related Agreement (including its obligation to enforce the obligations of the sub-servicers or sellers, or both, as more fully described herein under “Loan Program — Representations by Sellers; Repurchases” and “The Agreements — Sub-Servicing By Sellers” and “— Assignment of the Trust Fund Assets”) and its obligation, if any, to make certain cash advances in the event of delinquencies in payments on or with respect to the loans in the amounts described herein under “Description of the Securities — Advances.” The obligations of the master servicer to make advances may be subject to limitations, to the extent provided herein and in the related prospectus supplement.

The following is a brief description of the assets expected to be included in the trust funds. If specific information respecting the Trust Fund Assets is not known at the time the related series of securities initially is offered, more general information of the nature described below will be provided in the related prospectus supplement, and specific information will be set forth in a report on Form 8-K to be filed with the Securities and Exchange Commission (the “SEC”) after the initial issuance of the related securities (the “Detailed Description”). A copy of the Agreement with respect to each series of securities will be filed on Form 8-K after the initial issuance of the related securities and will be available for inspection at the corporate trust office of the trustee specified in the related prospectus supplement. A schedule of the loans relating to the series will be attached to the Agreement delivered to the trustee upon delivery of the securities.

The Loans

General. Loans will consist of single family loans, multifamily loans, home equity loans or home improvement loan contracts. For purposes hereof, “home equity loans” includes “closed-end loans” and “revolving credit line loans.” If so specified, the loans may include cooperative apartment loans (“cooperative loans”) secured by security interests in shares issued by private, non-profit, cooperative housing corporations (“cooperatives”) and in the related proprietary leases or occupancy agreements granting exclusive rights to occupy specific dwelling units in the cooperatives’ buildings. As more fully described in the related prospectus supplement, the loans may be “conventional” loans or loans that are insured or guaranteed by a governmental agency such as the Federal Housing Administration (the “FHA”) or the Department of Veterans’ Affairs (the “VA”).

The applicable prospectus supplement may specify the day on which monthly payments on the loans in a pool will be due, but if it does not, all of the mortgage loans in a pool will have monthly payments due on the first day of each month. The payment terms of the loans to be included in a trust fund will be described in the related prospectus supplement and may include any of the following features or combination thereof or other features described in the related prospectus supplement:

- Interest may be payable at a fixed rate, a rate adjustable from time to time in relation to an index (which will be specified in the related prospectus supplement), a rate that is fixed for a period of time or under certain circumstances and is followed by an adjustable rate, a rate that otherwise varies from time to time, or a rate that is convertible from an adjustable rate to a fixed rate. Changes to an adjustable rate may be subject to periodic limitations, maximum rates, minimum rates or a combination of the limitations. Accrued interest may be deferred and added to the principal of a loan for the periods and under the circumstances as may be specified in the related prospectus supplement. Loans may provide for the payment of interest at a rate lower than the specified interest rate borne by the loan (the “Loan Rate”) for a period of time or for the life of the loan, and the amount of any difference may be contributed from funds supplied by the seller of the Property or another source.
- Principal may be payable on a level debt service basis to fully amortize the loan over its term, may be calculated on the basis of an assumed amortization schedule that is significantly longer than the original term to maturity or on an interest rate that is different from the Loan Rate or may not be amortized during all or a portion of the original term. Payment of all or a substantial portion of the principal may be due on maturity, called balloon payments. Principal may include interest that has been deferred and added to the principal balance of the loan.
- Monthly payments of principal and interest may be fixed for the life of the loan, may increase over a specified period of time or may change from period to period. The terms of a loan may include limits on periodic increases or decreases in the amount of monthly payments and may include maximum or minimum amounts of monthly payments.
- The loans generally may be prepaid at any time. Prepayments of principal may be subject to a prepayment fee, which may be fixed for the life of the loan or may decline over time, and may be prohibited for the life of the loan or for certain periods, which are called lockout periods. Certain loans may permit prepayments after expiration of the applicable lockout period and may require the payment of a prepayment fee in connection with any subsequent prepayment. Other loans may permit prepayments without payment of a fee unless the prepayment occurs during specified time periods. The loans may include “due-on-sale” clauses that permit the mortgagee to demand payment of the entire loan in connection with the sale or certain transfers of the related mortgaged property. Other loans may be assumable by persons meeting the then applicable underwriting standards of the seller.

A trust fund may contain buydown loans that include provisions whereby a third party partially subsidizes the monthly payments of the obligors on the loans during the early years of the loans, the difference to be made up from a buydown fund contributed by the third party at the time of origination of the loan. A buydown fund will be in an amount equal either to the discounted value or full aggregate amount of future payment subsidies. Thereafter, buydown funds are applied to the applicable loan upon receipt by the master servicer of the mortgagor’s portion of the monthly payment on the loan. The master servicer administers the buydown fund to ensure that the monthly allocation from the buydown fund combined with the monthly payment received from the mortgagor equals the scheduled monthly payment on the applicable loan. The underlying assumption of buydown plans is that the income of the mortgagor will increase during the buydown period as a result of normal increases in compensation and inflation, so that the mortgagor will be able to meet the full mortgage payments at the end of the buydown period. To the extent that this assumption as to increased income is not fulfilled, the possibility of defaults on buydown loans is increased. The related prospectus supplement will contain information with respect to any Buydown Loan concerning limitations on the interest rate paid by the mortgagor initially, on annual increases in the interest rate and on the length of the buydown period.

The real property which secures repayment of the loans is referred to as the mortgaged properties. The loans will be secured by mortgages or deeds of trust or other similar security instruments creating a lien on a mortgaged property. In the case of home equity loans, those liens generally will be subordinated to one or more senior liens on the related mortgaged properties as described in the related prospectus supplement. In addition to being secured by mortgages on real estate the home improvement loan contracts may also be secured by purchase money security interests in the home improvements financed thereby. If so specified in the related prospectus supplement, the home equity loans may include loans (primarily for home improvement or debt consolidation

purposes) that are in amounts in excess of the value of the related mortgaged properties at the time of origination. The mortgaged properties and the home improvements are collectively referred to herein as the “Properties.” The Properties may be located in any one of the fifty states, the District of Columbia, Guam, Puerto Rico or any other territory of the United States.

Loans with certain Loan-to-Value Ratios and/or certain principal balances may be covered wholly or partially by primary mortgage guaranty insurance policies (each, a “Primary Mortgage Insurance Policy”). The existence, extent and duration of any coverage will be described in the applicable prospectus supplement.

The aggregate principal balance of loans secured by Properties that are owner-occupied will be disclosed in the related prospectus supplement. The applicable prospectus supplement may provide for the basis for representations relating to Single Family Properties, but if it does not, the sole basis for a representation that a given percentage of the loans is secured by Single Family Properties that are owner-occupied will be either (i) the making of a representation by the borrower at origination of the loan either that the underlying Property will be used by the borrower for a period of at least six months every year or that the borrower intends to use the Property as a primary residence or (ii) a finding that the address of the underlying Property is the borrower’s mailing address.

Single Family Loans. The mortgaged properties relating to single family loans will consist of detached or semi-detached one- to four-family dwelling units, townhouses, rowhouses, individual condominium units, individual units in planned unit developments, manufactured housing that is permanently affixed and treated as real property under local law, and certain other dwelling units (“Single Family Properties”). Single Family Properties may include vacation and second homes, investment properties and leasehold interests. In the case of leasehold interests, the applicable prospectus supplement may provide for the leasehold term, but if it does not, the term of the leasehold will exceed the scheduled maturity of the loan by at least five years.

Multifamily Loans. Mortgaged properties which secure multifamily loans may include small multifamily residential properties such as rental apartment buildings or projects containing five to fifty residential units, including mid-rise and garden apartments. Certain of the multifamily loans may be secured by apartment buildings owned by cooperatives. In those cases, the cooperative owns all the apartment units in the building and all common areas. The cooperative is owned by tenant-stockholders who, through ownership of stock, shares or membership certificates in the corporation, receive proprietary leases or occupancy agreements which confer exclusive rights to occupy specific apartments or units. Generally, a tenant-stockholder of a cooperative must make a monthly payment to the cooperative representing the tenant-stockholder’s pro rata share of the cooperative’s payments for its mortgage loan, real property taxes, maintenance expenses and other capital or ordinary expenses. Those payments are in addition to any payments of principal and interest the tenant-stockholder must make on any loans to the tenant-stockholder secured by its shares in the cooperative. The cooperative will be directly responsible for building management and, in most cases, payment of real estate taxes and hazard and liability insurance. A cooperative’s ability to meet debt service obligations on a multifamily loan, as well as all other operating expenses, will be dependent in large part on the receipt of maintenance payments from the tenant-stockholders, as well as any rental income from units the cooperative might control. Unanticipated expenditures may in some cases have to be paid by special assessments on the tenant-stockholders. No more than 5% of the aggregate Trust Fund Assets for any series, as constituted at the time of the applicable cut-off date (measured by principal balance), will be comprised of multifamily loans.

Home Equity Loans. The mortgaged properties relating to home equity loans will consist of Single Family Properties. As more fully described in the related prospectus supplement, interest on each revolving credit line loan, excluding introductory rates offered from time to time during promotional periods, is computed and payable monthly on the average daily outstanding principal balance of the loan. Principal amounts on a revolving credit line loan may be drawn down (up to a maximum amount as set forth in the related prospectus supplement) or repaid under each revolving credit line loan from time to time, but may be subject to a minimum periodic payment. Except to the extent provided in the related prospectus supplement, the trust fund will not include any amounts borrowed under a revolving credit line loan after the cut-off date. The full amount of a closed-end loan is advanced at the inception of the loan and generally is repayable in equal (or substantially equal) installments of an amount to fully amortize the loan at its stated maturity. Except to the extent provided in the related prospectus supplement, the original terms to stated maturity of closed-end loans will not exceed 360 months. Under certain circumstances, under either a revolving credit line loan or a closed-end loan, a borrower may choose an interest only payment

option and is obligated to pay only the amount of interest which accrues on the loan during the billing cycle. An interest only payment option may be available for a specified period before the borrower must begin paying at least the minimum monthly payment of a specified percentage of the average outstanding balance of the loan.

Home Improvement Loan Contracts. The Trust Fund Assets for a series of securities may consist, in whole or in part, of home improvement loan contracts originated by a home improvement contractor, a thrift or a commercial mortgage banker in the ordinary course of business. The home improvements securing the home improvement loan contracts may include, but are not limited to, replacement windows, house siding, new roofs, swimming pools, satellite dishes, kitchen and bathroom remodeling goods and solar heating panels. The home improvement loan contracts will be secured by mortgages on Single Family Properties which are generally subordinate to other mortgages on the same Property. In general, the home improvement loan contracts will be fully amortizing and may have fixed interest rates or adjustable interest rates and may provide for other payment characteristics as described below and in the related prospectus supplement. The initial Loan-to-Value Ratio of a home improvement loan contract is computed in the manner described in the related prospectus supplement.

Additional Information. Each prospectus supplement will contain information, as of the date of the prospectus supplement and to the extent then specifically known to the depositor, with respect to the loans contained in the related pool, including

- the aggregate outstanding principal balance and the average outstanding principal balance of the loans as of the first day of the month of issuance of the related series of certificates or another date specified in the related prospectus supplement called a cut-off date,
- the type of property securing the loans (e.g., single-family residences, individual units in condominium apartment buildings or in buildings owned by cooperatives, small multifamily properties, other real property or home improvements),
- the original terms to maturity of the loans,
- the ranges of the principal balances of the loans,
- the earliest origination date and latest maturity date of any of the loans,
- the ranges of the Loan-to-Value Ratios or Combined Loan-to-Value Ratios, as applicable, of the loans at origination,
- the Loan Rates or annual percentage rates (“APR”) or range of Loan Rates or APR’s borne by the loans, and
- the geographical distribution of the loans.

If specific information respecting the loans is not known to the depositor at the time the related securities are initially offered, more general information of the nature described above will be provided in the detailed description of Trust Fund Assets.

The “Loan-to-Value Ratio” of a loan at any given time is the fraction, expressed as a percentage, the numerator of which is the original principal balance of the related loan and the denominator of which is the Collateral Value of the related Property. The “Combined Loan-to-Value Ratio” of a loan at any given time is the ratio, expressed as a percentage, of (i) the sum of (a) the original principal balance of the loan (or, in the case of a revolving credit line loan, the maximum amount thereof available) and (b) the outstanding principal balance at the date of origination of the loan of any senior mortgage loan(s) or, in the case of any open-ended senior mortgage loan, the maximum available line of credit with respect to the mortgage loan, regardless of any lesser amount actually outstanding at the date of origination of the loan, to (ii) the Collateral Value of the related Property. The

“Collateral Value” of the Property, other than with respect to certain loans the proceeds of which were used to refinance an existing mortgage loan (each, a “Refinance Loan”), will be calculated as described in the prospectus supplement, but if there is no description in the prospectus supplement, it is the lesser of (a) the appraised value determined in an appraisal obtained by the originator at origination of the loan and (b) the sales price for the Property. In the case of Refinance Loans, the “Collateral Value” of the related Property will be calculated as described in the prospectus supplement, but if there is no description in the prospectus supplement, it is generally the appraised value thereof determined in an appraisal obtained at the time of refinancing.

We can give no assurance that values of the Properties have remained or will remain at their levels on the dates of origination of the related loans. If the residential real estate market should experience an overall decline in property values such that the outstanding principal balances of the loans, and any secondary financing on the Properties, in a particular pool become equal to or greater than the value of the Properties, the actual rates of delinquencies, foreclosures and losses could be higher than those now generally experienced in the mortgage lending industry. In addition, adverse economic conditions and other factors (which may or may not affect real property values) may affect the timely payment by borrowers of scheduled payments of principal and interest on the loans and, accordingly, the actual rates of delinquencies, foreclosures and losses with respect to any pool. To the extent that the losses are not covered by subordination provisions or alternative arrangements, the losses will be borne, at least in part, by the holders of the securities of the related series.

Agency Securities

Government National Mortgage Association. Ginnie Mae is a wholly-owned corporate instrumentality of the United States with the United States Department of Housing and Urban Development. Section 306(g) of Title II of the National Housing Act of 1934, as amended, authorizes Ginnie Mae to guarantee the timely payment of the principal of and interest on certificates that represent an interest in a pool of mortgage loans insured by the FHA under the National Housing Act of 1934 or Title V of the Housing Act of 1949, or partially guaranteed by the VA under the Servicemen’s Readjustment Act of 1944, as amended, or Chapter 37 of Title 38, United States Code.

Section 306(g) of the National Housing Act of 1934 provides that “the full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection.” In order to meet its obligations under that guaranty, Ginnie Mae may, under Section 306(d) of the National Housing Act of 1934, borrow from the United States Treasury in an unlimited amount which is at any time sufficient to enable Ginnie Mae to perform its obligations under its guarantee.

Ginnie Mae Certificates. Each Ginnie Mae certificate held in a trust fund will be a “fully modified pass-through” mortgage backed certificate issued and serviced by a Ginnie Mae issuer approved by Ginnie Mae or by Fannie Mae as a seller-servicer of FHA loans or VA loans. The Ginnie Mae certificates may be issued under either the Ginnie Mae I program or the Ginnie Mae II program. The mortgage loans underlying the Ginnie Mae certificates will consist of FHA loans or VA loans. Each mortgage loan is secured by a one-to four-family or multifamily residential property. Ginnie Mae will approve the issuance of each Ginnie Mae certificate in accordance with a guaranty agreement between Ginnie Mae and the Ginnie Mae issuer. Pursuant to its guaranty agreement, a Ginnie Mae issuer will be required to advance its own funds in order to make timely payments of all amounts due on each Ginnie Mae certificate if the payments received by the Ginnie Mae issuer on the FHA loans or VA loans underlying each Ginnie Mae certificate are less than the amounts due on each Ginnie Mae certificate.

The full and timely payment of principal of and interest on each Ginnie Mae certificate will be guaranteed by Ginnie Mae, which obligation is backed by the full faith and credit of the United States. Each Ginnie Mae certificate will have an original maturity of not more than 30 years (but may have original maturities of substantially less than 30 years). Each Ginnie Mae certificate will be based on and backed by a pool of FHA loans or VA loans secured by one to four-family residential properties and will provide for the payment by or on behalf of the Ginnie Mae issuer to the registered holder of the Ginnie Mae certificate of scheduled monthly payments of principal and interest equal to the registered holder’s proportionate interest in the aggregate amount of the monthly principal and interest payment on each FHA loan or VA loan underlying the Ginnie Mae certificate, less the applicable servicing and guaranty fee, which together equal the difference between the interest on the FHA loan or VA loan and the pass-through rate on the Ginnie Mae certificate. In addition, each payment will include proportionate pass-through

payments of any prepayments of principal on the FHA loans or VA loans underlying the Ginnie Mae certificate and liquidation proceeds upon a foreclosure or other disposition of the FHA loans or VA loans.

If a Ginnie Mae issuer is unable to make the payments on a Ginnie Mae certificate as it becomes due, it must promptly notify Ginnie Mae and request Ginnie Mae to make the payment. Upon notification and request, Ginnie Mae will make the payments directly to the registered holder of the Ginnie Mae certificate. If no payment is made by a Ginnie Mae issuer and the Ginnie Mae issuer fails to notify and request Ginnie Mae to make the payment, the holder of the Ginnie Mae certificate will have recourse only against Ginnie Mae to obtain the payment. The trustee or its nominee, as registered holder of the Ginnie Mae certificates held in a trust fund, will have the right to proceed directly against Ginnie Mae under the terms of the guaranty agreements relating to the Ginnie Mae certificates for any amounts that are not paid when due.

All mortgage loans underlying a particular Ginnie Mae I certificate must have the same interest rate over the term of the loan, except in pools of mortgage loans secured by manufactured homes. The interest rate on the Ginnie Mae I certificate will equal the interest rate on the mortgage loans included in the pool of mortgage loans underlying the Ginnie Mae I certificate, less one-half percentage point per annum of the unpaid principal balance of the mortgage loans.

Mortgage loans underlying a particular Ginnie Mae II certificate may have per annum interest rates that vary from each other by up to one percentage point. The interest rate on each Ginnie Mae II certificate will be between one half percentage point and one and one-half percentage points lower than the highest interest rate on the mortgage loans included in the pool of mortgage loans underlying the Ginnie Mae II certificate, except for pools of mortgage loans secured by manufactured homes.

Regular monthly installment payments on each Ginnie Mae certificate held in a trust fund will be comprised of interest due as specified on the Ginnie Mae certificate plus the scheduled principal payments on the FHA loans or VA loans underlying the Ginnie Mae certificate due on the first day of the month in which the scheduled monthly installments on the Ginnie Mae certificate are due. The regular monthly installments on each Ginnie Mae certificate are required to be paid to the trustee as registered holder by the 15th day of each month in the case of a Ginnie Mae I certificate and are required to be mailed to the trustee by the 20th day of each month in the case of a Ginnie Mae II certificate. Any principal prepayments on any FHA loans or VA loans underlying a Ginnie Mae certificate held in a trust fund or any other early recovery of principal on the loans will be passed through to the trustee as the registered holder of the Ginnie Mae certificate.

Ginnie Mae certificates may be backed by graduated payment mortgage loans or by buydown loans for which funds will have been provided (and deposited into escrow accounts) for application to the payment of a portion of the borrowers' monthly payments during the early years of the mortgage loan. Payments due the registered holders of Ginnie Mae certificates backed by pools containing buydown loans will be computed in the same manner as payments derived from other Ginnie Mae certificates and will include amounts to be collected from both the borrower and the related escrow account. The graduated payment mortgage loans will provide for graduated interest payments that, during the early years of the mortgage loans, will be less than the amount of stated interest on the mortgage loans. The interest not so paid will be added to the principal of the graduated payment mortgage loans and, together with interest on them, will be paid in subsequent years. The obligations of Ginnie Mae and of a Ginnie Mae issuer will be the same irrespective of whether the Ginnie Mae certificates are backed by graduated payment mortgage loans or buydown loans. No statistics comparable to the FHA's prepayment experience on level payment, non-buydown mortgage loans are available for graduated payment or buydown loans. Ginnie Mae certificates related to a series of certificates may be held in book-entry form.

The Ginnie Mae certificates included in a trust fund, and the related underlying mortgage loans, may have characteristics and terms different from those described above. Any different characteristics and terms will be described in the related prospectus supplement.

Federal Home Loan Mortgage Corporation. Freddie Mac is a corporate instrumentality of the United States created pursuant to Title III of the Emergency Home Finance Act of 1970, as amended. The common stock of Freddie Mac is owned by the Federal Home Loan Banks and its preferred stock is owned by stockholders of the Federal Home Loan Banks. Freddie Mac was established primarily to increase the availability of mortgage credit to

finance urgently needed housing. It seeks to provide an enhanced degree of liquidity for residential mortgage investments primarily by assisting in the development of secondary markets for conventional mortgages. The principal activity of Freddie Mac currently consists of the purchase of first lien conventional mortgage loans or participation interests in mortgage loans and the sale of the mortgage loans or participations so purchased in the form of mortgage securities, primarily mortgage participation certificates issued and either guaranteed as to timely payment of interest or guaranteed as to timely payment of interest and ultimate payment of principal by Freddie Mac. Freddie Mac is confined to purchasing, so far as practicable, mortgage loans that it deems to be of such quality, type and class as to meet generally the purchase standards imposed by private institutional mortgage investors.

Freddie Mac Certificates. Each Freddie Mac certificate represents an undivided interest in a pool of mortgage loans that may consist of first lien conventional loans, FHA loans or VA loans. Freddie Mac certificates are sold under the terms of a Mortgage Participation Certificate Agreement. A Freddie Mac certificate may be issued under either Freddie Mac's Cash Program or Guarantor Program.

Mortgage loans underlying the Freddie Mac certificates held by a trust fund will consist of mortgage loans with original terms to maturity of between 10 and 40 years. Each mortgage loan must meet the applicable standards set forth in the Emergency Home Finance Act of 1970. A Freddie Mac certificate group may include whole loans, participation interests in whole loans and undivided interests in whole loans and participations comprising another Freddie Mac certificate group. Under the Guarantor Program, a Freddie Mac certificate group may include only whole loans or participation interests in whole loans.

Freddie Mac guarantees to each registered holder of a Freddie Mac certificate the timely payment of interest on the underlying mortgage loans to the extent of the applicable certificate interest rate on the registered holder's pro rata share of the unpaid principal balance outstanding on the underlying mortgage loans in the Freddie Mac certificate group represented by the Freddie Mac certificate, whether or not received. Freddie Mac also guarantees to each registered holder of a Freddie Mac certificate collection by the holder of all principal on the underlying mortgage loans, without any offset or deduction, to the extent of the holder's pro rata share of it, but does not, except if and to the extent specified in the related prospectus supplement for a series of certificates, guarantee the timely payment of scheduled principal. Under Freddie Mac's Gold PC Program, Freddie Mac guarantees the timely payment of principal based on the difference between the pool factor published in the month preceding the month of distribution and the pool factor published in the month of distribution. Pursuant to its guaranties, Freddie Mac indemnifies holders of Freddie Mac certificates against any diminution in principal from charges for property repairs, maintenance and foreclosure. Freddie Mac may remit the amount due on account of its guaranty of collection of principal at any time after default on an underlying mortgage loan, but not later than 30 days following foreclosure sale, 30 days following payment of the claim by any mortgage insurer or 30 days following the expiration of any right of redemption, whichever occurs later, but in any event no later than one year after demand has been made upon the mortgagor for accelerated payment of principal. In taking actions regarding the collection of principal after default on the mortgage loans underlying Freddie Mac certificates, including the timing of demand for acceleration, Freddie Mac reserves the right to exercise its judgment with respect to the mortgage loans in the same manner as for mortgage loans that it has purchased but not sold. The length of time necessary for Freddie Mac to determine that a mortgage loan should be accelerated varies with the particular circumstances of each mortgagor, and Freddie Mac has not adopted standards which require that the demand be made within any specified period.

Freddie Mac certificates are not guaranteed by the United States or by any Federal Home Loan Bank and do not constitute debts or obligations of the United States or any Federal Home Loan Bank. The obligations of Freddie Mac under its guaranty are obligations solely of Freddie Mac and are not backed by, or entitled to, the full faith and credit of the United States. If Freddie Mac were unable to satisfy its obligations, distributions to holders of Freddie Mac certificates would consist solely of payments and other recoveries on the underlying mortgage loans and, accordingly, monthly distributions to holders of Freddie Mac certificates would be affected by delinquent payments and defaults on the mortgage loans.

Registered holders of Freddie Mac certificates are entitled to receive their monthly pro rata share of all principal payments on the underlying mortgage loans received by Freddie Mac, including any scheduled principal payments, full and partial prepayments of principal and principal received by Freddie Mac by virtue of condemnation, insurance, liquidation or foreclosure, and repurchases of the mortgage loans by Freddie Mac or their

seller. Freddie Mac is required to remit each registered Freddie Mac certificateholder's pro rata share of principal payments on the underlying mortgage loans, interest at the Freddie Mac pass-through rate and any other sums such as prepayment fees, within 60 days of the date on which the payments are deemed to have been received by Freddie Mac.

Under Freddie Mac's Cash Program, there is no limitation on the amount by which interest rates on the mortgage loans underlying a Freddie Mac certificate may exceed the pass-through rate on the Freddie Mac certificate. Under that program, Freddie Mac purchases groups of whole mortgage loans from sellers at specified percentages of their unpaid principal balances, adjusted for accrued or prepaid interest, which when applied to the interest rate of the mortgage loans and participations purchased results in the yield required by Freddie Mac. The required yield, which includes a minimum servicing fee retained by the servicer, is calculated using the outstanding principal balance. The range of interest rates on the mortgage loans and participations in a Freddie Mac certificate group under the Cash Program will vary since mortgage loans and participations are purchased and assigned to a Freddie Mac certificate group based upon their yield to Freddie Mac rather than on the interest rate on the underlying mortgage loans. Under Freddie Mac's Guarantor Program, the pass-through rate on a Freddie Mac certificate is established based upon the lowest interest rate on the underlying mortgage loans, minus a minimum servicing fee and the amount of Freddie Mac's management and guaranty income as agreed upon between the seller and Freddie Mac.

Freddie Mac certificates duly presented for registration of ownership on or before the last business day of a month are registered effective as of the first day of the month. The first remittance to a registered holder of a Freddie Mac certificate will be distributed so as to be received normally by the 15th day of the second month following the month in which the purchaser became a registered holder of the Freddie Mac certificate. Thereafter, the remittance will be distributed monthly to the registered holder so as to be received normally by the 15th day of each month. The Federal Reserve Bank of New York maintains book-entry accounts for Freddie Mac certificates sold by Freddie Mac on or after January 2, 1985, and makes payments of principal and interest each month to their registered holders in accordance with the holders' instructions.

Federal National Mortgage Association. Fannie Mae is a federally chartered and privately owned corporation organized and existing under the Federal National Mortgage Association Charter Act, as amended. Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market and was transformed into a stockholder owned and privately-managed corporation by legislation enacted in 1968.

Fannie Mae provides funds to the mortgage market primarily by purchasing mortgage loans from lenders, thereby replenishing their funds for additional lending. Fannie Mae acquires funds to purchase mortgage loans from many capital market investors that may not ordinarily invest in mortgages, thereby expanding the total amount of funds available for housing. Operating nationwide, Fannie Mae helps to redistribute mortgage funds from capital-surplus to capital-short areas.

Fannie Mae Certificates. These are guaranteed mortgage pass-through certificates issued and guaranteed as to timely payment of principal and interest by Fannie Mae representing fractional undivided interests in a pool of mortgage loans formed by Fannie Mae. Each mortgage loan must meet the applicable standards of the Fannie Mae purchase program. Mortgage loans comprising a pool are either provided by Fannie Mae from its own portfolio or purchased pursuant to the criteria of the Fannie Mae purchase program.

Mortgage loans underlying Fannie Mae certificates held by a trust fund will consist of conventional mortgage loans, FHA loans or VA loans. Original maturities of substantially all of the conventional, level payment mortgage loans underlying a Fannie Mae certificate are expected to be between either 8 to 15 years or 20 to 40 years. The original maturities of substantially all of the fixed rate, level payment FHA loans or VA loans are expected to be 30 years. Mortgage loans underlying a Fannie Mae certificate may have annual interest rates that vary by as much as two percentage points from each other. The rate of interest payable on a Fannie Mae certificate is equal to the lowest interest rate of any mortgage loan in the related pool, less a specified minimum annual percentage representing servicing compensation and Fannie Mae's guaranty fee. Under a regular servicing option, the annual interest rates on the mortgage loans underlying a Fannie Mae certificate will be between 50 basis points and 250 basis points greater than is its annual pass through rate. Under this option the mortgagee or each other

servicer assumes the entire risk of foreclosure losses. Under a special servicing option, the annual interest rates on the mortgage loans underlying a Fannie Mae certificate will generally be between 55 basis points and 255 basis points greater than the annual Fannie Mae certificate pass-through rate. Under this option Fannie Mae assumes the entire risk for foreclosure losses. If specified in the related prospectus supplement, Fannie Mae certificates may be backed by adjustable rate mortgages.

Fannie Mae guarantees to each registered holder of a Fannie Mae certificate that it will distribute amounts representing the holder's proportionate share of scheduled principal and interest payments at the applicable pass through rate provided for by the Fannie Mae certificate on the underlying mortgage loans, whether or not received, and the holder's proportionate share of the full principal amount of any foreclosed or other finally liquidated mortgage loan, whether or not the principal amount is actually recovered. The obligations of Fannie Mae under its guaranties are obligations solely of Fannie Mae and are not backed by, or entitled to, the full faith and credit of the United States. Although the Secretary of the Treasury of the United States has discretionary authority to lend Fannie Mae up to \$2.25 billion outstanding at any time, neither the United States nor any of its agencies is obligated to finance Fannie Mae's operations or to assist Fannie Mae in any other manner. If Fannie Mae were unable to satisfy its obligations, distributions to holders of Fannie Mae certificates would consist solely of payments and other recoveries on the underlying mortgage loans and, accordingly, monthly distributions to holders of Fannie Mae certificates would be affected by delinquent payments and defaults on the mortgage loans.

Except for Fannie Mae certificates backed by pools containing graduated payment mortgage loans or mortgage loans secured by multifamily projects, Fannie Mae certificates evidencing interests in pools of mortgage loans formed on or after May 1, 1985 are available in book-entry form only. Distributions of principal and interest on each Fannie Mae certificate will be made by Fannie Mae on the 25th day of each month to the persons in whose name the Fannie Mae certificate is entered in the books of the Federal Reserve Banks or registered on the Fannie Mae certificate register as of the close of business on the last day of the preceding month. Distributions on Fannie Mae certificates issued in book-entry form will be made by wire. Distributions on fully registered Fannie Mae certificates will be made by check.

The Fannie Mae certificates included in a trust fund, and the related underlying mortgage loans, may have characteristics and terms different from those described above. Any different characteristics and terms will be described in the related prospectus supplement.

Stripped Mortgage-Backed Securities. Agency Securities may consist of one or more stripped mortgage-backed securities, each as described in this prospectus and in the related prospectus supplement. Each Agency Security will represent an undivided interest in all or part of either the principal distributions (but not the interest distributions) or the interest distributions (but not the principal distributions), or in some specified portion of the principal and interest distributions (but not all the distributions) on certain Freddie Mac, Fannie Mae or Ginnie Mae certificates. The underlying securities will be held under a trust agreement by Freddie Mac, Fannie Mae or Ginnie Mae, each as trustee, or by another trustee named in the related prospectus supplement. The applicable prospectus supplement may specify that Freddie Mac, Fannie Mae or Ginnie Mae will not guarantee each stripped Agency Security to the same extent it guarantees the underlying securities backing the stripped Agency Security, but if it does not, then Freddie Mac, Fannie Mae or Ginnie Mae will guarantee each stripped Agency Security to the same extent it guarantees the underlying securities backing the stripped Agency Security.

Other Agency Securities. If specified in the related prospectus supplement, a trust fund may include other mortgage pass-through certificates issued or guaranteed by Ginnie Mae, Fannie Mae or Freddie Mac. The characteristics of those mortgage pass-through certificates will be described in the prospectus supplement. If so specified, a combination of different types of Agency Securities may be held in a trust fund.

Non-Agency Mortgage-Backed Securities

Non-Agency Mortgage-Backed Securities may consist of mortgage pass-through certificates or participation certificates evidencing an undivided interest in a pool of mortgage loans or collateralized mortgage obligations secured by mortgage loans. Non-Agency Mortgage-Backed Securities may include stripped mortgage-backed securities representing an undivided interest in all or a part of either the principal distributions (but not the interest distributions) or the interest distributions (but not the principal distributions) or in some specified portion of

the principal and interest distributions (but not all the distributions) on certain mortgage loans. Non-Agency Mortgage-Backed Securities will have been issued pursuant to a pooling and servicing agreement, an indenture or similar agreement. The applicable prospectus supplement may provide that the seller/servicer of the underlying mortgage loans will not have entered into a pooling and servicing agreement with a private trustee, but if it does not, the seller/servicer of the underlying mortgage loans will have entered into the pooling and servicing agreement with a private trustee. The private trustee or its agent, or a custodian, will possess the mortgage loans underlying the Non-Agency Mortgage-Backed Security. Mortgage loans underlying a Non-Agency Mortgage-Backed Security will be serviced by a private servicer directly or by one or more subservicers who may be subject to the supervision of the private servicer.

The issuer of the Non-Agency Mortgage-Backed Securities will be a financial institution or other entity engaged generally in the business of mortgage lending, a public agency or instrumentality of a state, local or federal government, or a limited purpose corporation organized for the purpose of, among other things, establishing trusts and acquiring and selling housing loans to the trusts and selling beneficial interests in the trusts. If so specified in the related prospectus supplement, the issuer of Non-Agency Mortgage-Backed Securities may be an affiliate of the depositor. The obligations of the issuer of Non-Agency Mortgage-Backed Securities will generally be limited to certain representations and warranties with respect to the assets conveyed by it to the related trust fund. The issuer of Non-Agency Mortgage-Backed Securities will not have guaranteed any of the assets conveyed to the related trust fund or any of the Non-Agency Mortgage-Backed Securities issued under the pooling and servicing agreement. Additionally, although the mortgage loans underlying the Non-Agency Mortgage-Backed Securities may be guaranteed by an agency or instrumentality of the United States, the Non-Agency Mortgage-Backed Securities themselves will not be so guaranteed.

Distributions of principal and interest will be made on the Non-Agency Mortgage-Backed Securities on the dates specified in the related prospectus supplement. The Non-Agency Mortgage-Backed Securities may be entitled to receive nominal or no principal distributions or nominal or no interest distributions. Principal and interest distributions will be made on the Non-Agency Mortgage-Backed Securities by the private trustee or the private servicer. The issuer of Non-Agency Mortgage-Backed Securities or the private servicer may have the right to repurchase assets underlying the Non-Agency Mortgage-Backed Securities after a certain date or under other circumstances specified in the related prospectus supplement.

The mortgage loans underlying the Non-Agency Mortgage-Backed Securities may consist of fixed rate, level payment, fully amortizing loans or graduated payment mortgage loans, buydown loans, adjustable rate mortgage loans or loans having balloon or other special payment features. The mortgage loans may be secured by first and/or subordinate liens on single family residential properties (or by an assignment of the proprietary lease or occupancy agreement relating to a specific dwelling within a cooperative and the related shares issued by the cooperative) or small multifamily residential properties, such as rental apartment buildings or projects containing five to fifty residential units, or by closed-end and/or revolving home equity loans, secured in whole or in part by first and/or subordinate liens on one- to four-family residential properties.

The prospectus supplement for a series for which the trust fund includes Non-Agency Mortgage-Backed Securities will specify

- the aggregate approximate principal amount and type of the Non-Agency Mortgage-Backed Securities to be included in the trust fund;
- certain characteristics of the mortgage loans that comprise the underlying assets for the Non-Agency Mortgage-Backed Securities including
 - the payment features of the mortgage loans,
 - the approximate aggregate principal balance, if known, of underlying mortgage loans insured or guaranteed by a governmental entity,
 - the servicing fee or range of servicing fees with respect to the mortgage loans and

- the minimum and maximum stated maturities of the underlying mortgage loans at origination;
- the maximum original term-to-stated maturity of the Non-Agency Mortgage-Backed Securities;
- the weighted average term-to stated maturity of the Non-Agency Mortgage-Backed Securities;
- the pass-through or certificate rate of the Non-Agency Mortgage-Backed Securities;
- the weighted average pass-through or certificate rate of the Non-Agency Mortgage-Backed Securities;
- the issuer of Non-Agency Mortgage-Backed Securities, the private servicer (if other than the issuer of Non-Agency Mortgage-Backed Securities) and the private trustee for the Non-Agency Mortgage-Backed Securities;
- certain characteristics of credit support, if any, such as reserve funds, insurance policies, surety bonds, letters of credit or guaranties relating to the mortgage loans underlying the Non-Agency Mortgage-Backed Securities or to the Non-Agency Mortgage-Backed Securities themselves;
- the terms on which the underlying mortgage loans for the Non-Agency Mortgage-Backed Securities may, or are required to, be purchased before their stated maturity or the stated maturity of the Non-Agency Mortgage-Backed Securities;
- the terms on which mortgage loans may be substituted for those originally underlying the Non-Agency Mortgage-Backed Securities; and
- as appropriate, shall indicate whether the information required to be presented with respect to the Non-Agency Mortgage-Backed Securities as a “significant obligor” is either incorporated by reference, provided directly by the issuer or provided by reference to the Exchange Act filings of another entity.

Non-Agency Mortgage-Backed Securities included in the trust fund for a series of certificates that were issued by an issuer of Non-Agency Mortgage-Backed Securities that is not affiliated with the depositor must be acquired in bona fide secondary market transactions or either have been previously registered under the Securities Act of 1933 or have been held for at least the holding period required to be eligible for sale under Rule 144(k) under the Securities Act of 1933.

Substitution of Trust Fund Assets

Substitution of Trust Fund Assets will be permitted in the event of breaches of representations and warranties with respect to any original Trust Fund Asset or in the event the documentation with respect to any Trust Fund Asset is determined by the trustee to be incomplete. The period during which the substitution will be permitted generally will be indicated in the related prospectus supplement. The related prospectus supplement will describe any other conditions upon which Trust Fund Assets may be substituted for Trust Fund Assets initially included in the Trust Fund.

Available Information

The depositor has filed with the SEC a Registration Statement under the Securities Act of 1933, as amended (the “Securities Act”), covering the securities. This prospectus, which forms a part of the Registration Statement, and the prospectus supplement relating to each series of securities contain summaries of the material terms of the documents referred to in this prospectus and in the prospectus supplement, but do not contain all of the information in the Registration Statement pursuant to the rules and regulations of the SEC. For further information, reference is made to the Registration Statement and its exhibits. The Registration Statement and exhibits can be inspected and copied at prescribed rates at the public reference facilities maintained by the SEC at its Public

Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet Web site that contains reports, information statements and other information regarding the registrants that file electronically with the SEC, including the depositor. The address of that Internet Web site is <http://www.sec.gov>. The depositor's SEC Securities Act file number is 333-131591.

This prospectus and any applicable prospectus supplement do not constitute an offer to sell or a solicitation of an offer to buy any securities other than the securities offered by this prospectus and the prospectus supplement nor an offer of the securities to any person in any state or other jurisdiction in which the offer would be unlawful.

Incorporation of Certain Documents by Reference; Reports Filed with the SEC

All documents filed for the trust fund referred to in the accompanying prospectus supplement after the date of this prospectus and before the end of the related offering with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are incorporated by reference in this prospectus and are a part of this prospectus from the date of their filing. Any statement contained in a document incorporated by reference in this prospectus is modified or superseded for all purposes of this prospectus to the extent that a statement contained in this prospectus (or in the accompanying prospectus supplement) or in any other subsequently filed document that also is incorporated by reference differs from that statement. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this prospectus.

The depositor or master servicer on behalf of the trust fund of the related series will file the reports required under the Securities Act and under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act. These reports include (but are not limited to):

- Reports on Form 8-K (Current Report), following the issuance of the series of securities of the related trust fund, including as Exhibits to the Form 8-K (1) the agreements or other documents specified in the related prospectus supplement, if applicable, (2) the Detailed Description, if applicable, regarding the related Trust Fund Assets and (3) the opinions related to the tax consequences and the legality of the series being issued required to be filed under applicable securities laws;
- Reports on Form 8-K (Current Report), following the occurrence of events specified in Form 8-K requiring disclosure, which are required to be filed within the time-frame specified in Form 8-K related to the type of event;
- Reports on Form 10-D (Asset-Backed Issuer Distribution Report), containing the distribution and pool performance information required on Form 10-D, which are required to be filed 15 days following the distribution date specified in the related prospectus supplement; and
- Report on Form 10-K (Annual Report), containing the items specified in Form 10-K with respect to a fiscal year and filing or furnishing, as appropriate, the required exhibits.

Neither the depositor nor the master servicer intends to file with the SEC any reports required under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act with respect to a trust fund following completion of the reporting period required by Rule 15d-1 or Regulation 15D under the Securities Exchange Act of 1934. Unless specifically stated in the report, the reports and any information included in the report will neither be examined nor reported on by an independent public accountant. Each trust fund formed by the depositor will have a separate file number assigned by the SEC, which unless otherwise specified in the related prospectus supplement is not available until filing of the final prospectus supplement related to the series. Reports filed with respect to a trust fund with the SEC after the final prospectus supplement is filed will be available under trust fund's specific number, which will be a series number assigned to the file number of the depositor shown above.

The trustee on behalf of any trust fund will provide without charge to each person to whom this prospectus is delivered, on the person's written request, a copy of any or all of the documents referred to above that have been

or may be incorporated by reference in this prospectus (not including exhibits to the information that is incorporated by reference unless the exhibits are specifically incorporated by reference into the information that this prospectus incorporates) and any reports filed with the SEC. Requests should be directed to the corporate trust office of the trustee specified in the accompanying prospectus supplement.

Reports to Securityholders

The distribution and pool performance reports filed on Form 10-D will be forwarded to each securityholder as specified in the related prospectus supplement. See “Description of the Securities — Reports to Securityholders.” All other reports filed with the SEC concerning the trust fund will be forwarded to securityholders free of charge upon written request to the trustee on behalf of any trust fund, but will not be made available through a Web site of the depositor, the master servicer or any other party as these reports and exhibits can be inspected and copied at prescribed rates at the public reference facilities maintained by the SEC and can also be viewed electronically at the Internet Web site of the SEC shown above under “— Available Information.”

Use of Proceeds

The net proceeds to be received from the sale of the securities will be applied by the depositor to the purchase of Trust Fund Assets or will be used by the depositor for general corporate purposes. The depositor expects to sell securities in series from time to time, but the timing and amount of offerings of securities will depend on a number of factors, including the volume of Trust Fund Assets acquired by the depositor, prevailing interest rates, availability of funds and general market conditions.

The Depositor

CWABS, Inc., a Delaware corporation (the “depositor”), was incorporated in August 1996 for the limited purpose of acquiring, owning and transferring Trust Fund Assets and selling interests in them or bonds secured by them. The depositor is a limited purpose finance subsidiary of Countrywide Financial Corporation, a Delaware corporation. The depositor maintains its principal office at 4500 Park Granada, Calabasas, California 91302. Its telephone number is (818) 225-3000.

The depositor’s obligations after issuance of the securities include delivery of the Trust Fund Assets and certain related documents and instruments, repurchasing Trust Fund Assets in the event of certain breaches of representations or warranties made by the depositor, providing tax-related information to the Trustee and maintaining the trustee’s first priority perfected security interest in the Trust Fund Assets.

Neither the depositor nor any of the depositor’s affiliates will insure or guarantee distributions on the securities of any series.

Loan Program

The loans will have been purchased by the depositor, either directly or through affiliates, from sellers. The applicable prospectus supplement may provide for the underwriting criteria used in originating the loans, but if it does not, the loans so acquired by the depositor will have been originated in accordance with the underwriting criteria specified below under “Underwriting Standards.”

Underwriting Standards

The applicable prospectus supplement may provide for the seller’s representations and warranties relating to the loans, but if it does not, each seller will represent and warrant that all loans originated and/or sold by it to the depositor or one of its affiliates will have been underwritten in accordance with standards consistent with those utilized by mortgage lenders generally during the period of origination for similar types of loans. As to any loan insured by the FHA or partially guaranteed by the VA, the seller will represent that it has complied with underwriting policies of the FHA or the VA, as the case may be.

Underwriting standards are applied by or on behalf of a lender to evaluate the borrower's credit standing and repayment ability, and the value and adequacy of the related Property as collateral. In general, a prospective borrower applying for a loan is required to fill out a detailed application designed to provide to the underwriting officer pertinent credit information, including the principal balance and payment history with respect to any senior mortgage, if any. The applicable prospectus supplement may specify whether that credit information will be verified by the seller, but if it does not, the credit information supplied by the borrower will be verified by the related seller. As part of the description of the borrower's financial condition, the borrower generally is required to provide a current list of assets and liabilities and a statement of income and expenses, as well as an authorization to apply for a credit report which summarizes the borrower's credit history with local merchants and lenders and any record of bankruptcy. In most cases, an employment verification is obtained from an independent source (typically the borrower's employer) which verification reports, among other things, the length of employment with that organization and the borrower's current salary. If a prospective borrower is self-employed, the borrower may be required to submit copies of signed tax returns. The borrower may also be required to authorize verification of deposits at financial institutions where the borrower has demand or savings accounts.

In determining the adequacy of the property to be used as collateral, an appraisal will generally be made of each property considered for financing. Except as described in the prospectus supplement, an appraiser is generally required to inspect the property, issue a report on its condition and, if applicable, verify construction, if new, has been completed. The appraisal is generally based on the market value of comparable homes, the estimated rental income (if considered applicable by the appraiser) and the cost of replacing the home. The value of the property being financed, as indicated by the appraisal, must be such that it currently supports, and is anticipated to support in the future, the outstanding loan balance.

The maximum loan amount will vary depending upon a borrower's credit grade and loan program but will not generally exceed \$1,000,000. Variations in maximum loan amount limits will be permitted based on compensating factors. Compensating factors may generally include, to the extent specified in the related prospectus supplement, low loan-to-value ratio, low debt-to-income ratio, stable employment, favorable credit history and the nature of the underlying first mortgage loan, if applicable.

Each seller's underwriting standards will generally permit loans with loan-to-value ratios at origination of up to 100% depending on the loan program, type and use of the property, creditworthiness of the borrower and debt-to-income ratio. If so specified in the related prospectus supplement, a seller's underwriting criteria may permit loans with loan-to-value ratios at origination in excess of 100%, such as for debt consolidation or home improvement purposes. Loan-to-value ratios may not be evaluated in the case of Title I loans.

After obtaining all applicable employment, credit and property information, the related seller will use a debt-to-income ratio to assist in determining whether the prospective borrower has sufficient monthly income available to support the payments of principal and interest on the mortgage loan in addition to other monthly credit obligations. The "debt-to-income ratio" is the ratio of the borrower's total monthly payments to the borrower's gross monthly income. The maximum monthly debt-to-income ratio will vary depending upon a borrower's credit grade and loan program but will not generally exceed 55%. Variations in the monthly debt-to-income ratio limit will be permitted based on compensating factors to the extent specified in the related prospectus supplement.

In the case of a loan secured by a leasehold interest in real property, the title to which is held by a third party lessor, the applicable prospectus supplement may provide for the related representations and warranties of the seller, but if it does not, the related seller will represent and warrant, among other things, that the remaining term of the lease and any sublease is at least five years longer than the remaining term on the loan.

Certain of the types of loans that may be included in a trust fund are recently developed and may involve additional uncertainties not present in traditional types of loans. For example, certain of those loans may provide for escalating or variable payments by the borrower. These types of loans are underwritten on the basis of a judgment that the borrowers have the ability to make the monthly payments required initially. In some instances, a borrower's income may not be sufficient to permit continued loan payments as the payments increase. These types of loans may also be underwritten primarily upon the basis of Loan-to-Value Ratios or other favorable credit factors.

Qualifications of Sellers

Each seller must be an institution experienced in originating and servicing loans of the type contained in the related pool and must maintain satisfactory facilities to originate and service (either directly or through qualified subservicers) those loans. If a seller does not meet the foregoing qualifications, the related originator must satisfy those qualifications.

Representations by Sellers; Repurchases

Each seller will have made representations and warranties in respect of the loans sold by the seller and evidenced by all, or a part, of a series of securities. The representations and warranties may include, among other things:

- that a lender's policy of title insurance (or in the case of Properties located in areas where those policies are generally not available, an attorney's certificate of title) or a commitment to issue the policy was effective on the date of origination of each loan, other than cooperative loans and certain home equity loans, and that each policy (or certificate of title as applicable) remained in effect on the applicable cut-off date;
- that the seller had good title to each loan and each loan was subject to no valid offsets, defenses or counterclaims except to the extent that any buydown agreement may forgive certain indebtedness of a borrower;
- that each loan is secured by a valid lien on, or a perfected security interest with respect to, the Property (subject only to permissible liens disclosed, if applicable, title insurance exceptions, if applicable, and certain other exceptions described in the Agreement) and that, to the seller's knowledge, the Property was free of material damage;
- that there were no delinquent tax or assessment liens against the Property;
- that no payment of a principal and interest on a loan was delinquent more than the number of days specified in the related prospectus supplement; and
- that each loan at the time it was originated and on the date of transfer by the seller to the depositor complied in all material respects with all applicable local, state and federal laws.

If so specified in the related prospectus supplement, the representations and warranties of a seller in respect of a loan will be made not as of the cut-off date but as of the date on which the seller sold the loan to the depositor or one of its affiliates. Under those circumstances, a substantial period of time may have elapsed between the sale date and the date of initial issuance of the series of securities evidencing an interest in the loan. Since the representations and warranties of a seller do not address events that may occur following the sale of a loan by the seller, its repurchase obligation described below will not arise if the relevant event that would otherwise have given rise to the repurchase obligation with respect to a loan occurs after the date of sale of the loan by the seller to the depositor or its affiliates. However, the depositor will not include any loan in the trust fund for any series of securities if anything has come to the depositor's attention that would cause it to believe that the representations and warranties of a seller will not be accurate and complete in all material respects in respect of the loan as of the date of initial issuance of the related series of securities. If the master servicer is also a seller of loans with respect to a particular series of securities, those representations will be in addition to the representations and warranties made by the master servicer in its capacity as a master servicer.

The master servicer or the trustee, if the master servicer is the seller, will promptly notify the relevant seller of any breach of any representation or warranty made by it in respect of a loan which materially and adversely affects the interests of the securityholders in the loan. If the seller cannot cure the breach within 90 days following notice from the master servicer or the trustee, as the case may be, the applicable prospectus supplement may provide for the seller's obligations under those circumstances, but if it does not, then the seller will be obligated either

- to repurchase the loan from the trust fund at a price (the “Purchase Price”) equal to 100% of the unpaid principal balance thereof as of the date of the repurchase plus accrued interest thereon to the first day of the month following the month of repurchase at the Loan Rate (less any Advances or amount payable as related servicing compensation if the seller is the master servicer) or
- substitute for the loan a replacement loan that satisfies the criteria specified in the related prospectus supplement.

If a REMIC election is to be made with respect to a trust fund, the applicable prospectus supplement may provide for the obligations of the master servicer or residual certificateholder, but if it does not, the master servicer or a holder of the related residual certificate generally will be obligated to pay any prohibited transaction tax which may arise in connection with any repurchase or substitution and the trustee must have received a satisfactory opinion of counsel that the repurchase or substitution will not cause the trust fund to lose its status as a REMIC or otherwise subject the trust fund to a prohibited transaction tax. The master servicer may be entitled to reimbursement for that payment from the assets of the related trust fund or from any holder of the related residual certificate. See “Description of the Securities — General.” Except in those cases in which the master servicer is the seller, the master servicer will be required under the applicable Agreement to enforce this obligation for the benefit of the trustee and the holders of the securities, following the practices it would employ in its good faith business judgment were it the owner of the loan. This repurchase or substitution obligation will constitute the sole remedy available to holders of securities or the trustee for a breach of representation by a seller.

Neither the depositor nor the master servicer (unless the master servicer is the seller) will be obligated to purchase or substitute a loan if a seller defaults on its obligation to do so, and we can give no assurance that sellers will carry out their respective repurchase or substitution obligations with respect to loans. However, to the extent that a breach of a representation and warranty of a seller may also constitute a breach of a representation made by the master servicer, the master servicer may have a repurchase or substitution obligation as described below under “The Agreements — Assignment of Trust Fund Assets.”

Static Pool Data

If specified in the related prospectus supplement, static pool data with respect to the delinquency, cumulative loss and prepayment data for Countrywide Home Loans, Inc. (“Countrywide Home Loans”) or any other person specified in the related prospectus supplement will be made available through a Web site. The prospectus supplement related to each series for which the static pool data is provided through a Web site will contain the Web site address to obtain this information. Except as stated below, the static pool data provided through any Web site will be deemed part of this prospectus and the registration statement of which this prospectus is a part from the date of the related prospectus supplement.

Notwithstanding the foregoing, the following information shall not be deemed part of the prospectus or the registration statement of which this prospectus is a part:

- with respect to information regarding prior securitized pools of Countrywide Home Loans (or the applicable person specified in the related prospectus supplement) that do not include the currently offered pool, information regarding prior securitized pools that were established before January 1, 2006; and
- with respect to information regarding the pool described in the related prospectus supplement, information about the pool for periods before January 1, 2006.

Static pool data may also be provided in the related prospectus supplement or may be provided in the form of a CD-ROM accompanying the related prospectus supplement. The related prospectus supplement will specify how the static pool data will be presented.

Description of the Securities

Each series of certificates will be issued pursuant to separate Agreements. A form of Pooling and Servicing Agreement has been filed as an exhibit to the Registration Statement of which this prospectus forms a part. Each Pooling and Servicing Agreement will be dated as of the related cut-off date, will be among the depositor, the master servicer and the trustee for the benefit of the holders of the securities of the related series. Each series of notes will be issued pursuant to an indenture (the “Indenture”) between the related trust fund and the entity named in the related prospectus supplement as trustee with respect to the related series, and the related loans will be serviced by the master servicer pursuant to a Sale and Servicing Agreement. Each Indenture will be dated as of the cut-off date and the Trust Fund Assets will be pledged to the related trustee for the benefit of the holders of the securities of the related series.

A form of Indenture and Sale and Servicing Agreement has been filed as an exhibit to the Registration Statement of which this prospectus forms a part. A series of securities may consist of both notes and certificates. The provisions of each Agreement will vary depending upon the nature of the securities to be issued thereunder and the nature of the related trust fund. The following are descriptions of the material provisions which may appear in each Agreement. The descriptions are subject to, and are qualified in their entirety by reference to, all of the provisions of the Agreement for each series of securities and the applicable prospectus supplement. The depositor will provide a copy of the Agreement (without exhibits) relating to any series without charge upon written request of a holder of record of a security of that series addressed to CWABS, Inc., 4500 Park Granada, Calabasas, California 91302, Attention: Secretary.

General

The securities of each series will be issued in book-entry or fully registered form, in the authorized denominations specified in the related prospectus supplement, will, in the case of certificates, evidence specified beneficial ownership interests in, and in the case of notes, be secured by, the assets of the related trust fund created pursuant to the related Agreement and will not be entitled to payments in respect of the assets included in any other trust fund established by the depositor. The applicable prospectus supplement may provide for guarantees or insurance obtained from a governmental entity or other person, but if it does not, the Trust Fund Assets will not be guaranteed or insured by any governmental entity or other person. Each trust fund will consist of, to the extent provided in the related Agreement,

- the Trust Fund Assets, as from time to time are subject to the related Agreement (exclusive of any amounts specified in the related prospectus supplement (“Retained Interest”), including all payments of interest and principal received with respect to the loans after the cut-off date (to the extent not applied in computing the principal balance of the loans as of the cut-off date (the “Cut-off Date Principal Balance”));
- the assets required to be deposited in the related Security Account from time to time;
- property which secured a loan and which is acquired on behalf of the securityholders by foreclosure or deed in lieu of foreclosure and
- any insurance policies or other forms of credit enhancement required to be maintained pursuant to the related Agreement.

If so specified in the related prospectus supplement, a trust fund may also include one or more of the following: reinvestment income on payments received on the Trust Fund Assets, a reserve fund, a mortgage pool insurance policy, a special hazard insurance policy, a bankruptcy bond, one or more letters of credit, a surety bond, guaranties or similar instruments.

Each series of securities will be issued in one or more classes. Each class of certificates of a series will evidence beneficial ownership of a specified percentage (which may be 0%) or portion of future interest payments and a specified percentage (which may be 0%) or portion of future principal payments on, and each class of notes of

a series will be secured by, the related Trust Fund Assets. A series of securities may include one or more classes that are senior in right to payment to one or more other classes of securities of that series. Certain series or classes of securities may be covered by insurance policies, surety bonds or other forms of credit enhancement, in each case as described under “Credit Enhancement” herein and in the related prospectus supplement. One or more classes of securities of a series may be entitled to receive distributions of principal, interest or any combination thereof. Distributions on one or more classes of a series of securities may be made prior to one or more other classes, after the occurrence of specified events, in accordance with a schedule or formula or on the basis of collections from designated portions of the related Trust Fund Assets, in each case as specified in the related prospectus supplement. The timing and amounts of the distributions may vary among classes or over time as specified in the related prospectus supplement.

Distributions of principal and interest (or, where applicable, of principal only or interest only) on the related securities will be made by the trustee on each distribution date (i.e., monthly, quarterly, semi-annually or at the other intervals and on the dates as are specified in the related prospectus supplement) in proportion to the percentages specified in the related prospectus supplement. Distributions will be made to the persons in whose names the securities are registered at the close of business on the dates specified in the related prospectus supplement (each, a “Record Date”). Distributions will be made in the manner specified in the related prospectus supplement to the persons entitled thereto at the address appearing in the register maintained for holders of securities (the “Security Register”); provided, however, that the final distribution in retirement of the securities will be made only upon presentation and surrender of the securities at the office or agency of the trustee or other person specified in the notice to securityholders of the final distribution.

The securities will be freely transferable and exchangeable at the Corporate Trust Office of the trustee as set forth in the related prospectus supplement. No service charge will be made for any registration of exchange or transfer of securities of any series, but the trustee may require payment of a sum sufficient to cover any related tax or other governmental charge.

Certain Issues Related to the Suitability of Investments in the Securities for Holders. Under current law the purchase and holding by or on behalf of any employee benefit plan or other retirement arrangement subject to provisions of the Employee Retirement Income Security Act of 1974, as amended, or the Code of certain classes of certificates may result in “prohibited transactions” within the meaning of ERISA and the Code. See “ERISA Considerations.” Retirement arrangements subject to these provisions include individual retirement accounts and annuities, Keogh plans and collective investment funds in which the plans, accounts or arrangements are invested. The applicable prospectus supplement may specify other conditions under which transfers of this type would be permitted, but if it does not, transfer of the certificates will not be registered unless the transferee represents that it is not, and is not purchasing on behalf of, a plan, account or other retirement arrangement or provides an opinion of counsel satisfactory to the trustee and the depositor that the purchase of the certificates by or on behalf of a plan, account or other retirement arrangement is permissible under applicable law and will not subject the trustee, the master servicer or the depositor to any obligation or liability in addition to those undertaken in the pooling and servicing agreement.

As to each series, an election may be made to treat the related trust fund or designated portions thereof as one or more “real estate mortgage investment conduits” (“REMICs”) as defined in the Code. The related prospectus supplement will specify whether one or more REMIC elections are to be made. Alternatively, the Agreement for a series may provide that one or more REMIC elections may be made at the discretion of the depositor or the master servicer and may only be made if certain conditions are satisfied. The terms and provisions applicable to the making of a REMIC election for each related series, if applicable, will be set forth in the related prospectus supplement. If one or more REMIC elections are made with respect to a series, one of the classes will be designated as evidencing the sole class of “residual interests” in the related REMIC, as defined in the Code. All other classes of securities in the series will constitute “regular interests” in the related REMIC or REMICs, as applicable, as defined in the Code. As to each series with respect to which one or more REMIC elections are to be made, the master servicer or a holder of the related residual certificate will be obligated to take all actions required in order to comply with applicable laws and regulations and will be obligated to pay any prohibited transaction taxes. Unless otherwise provided in the related prospectus supplement, the master servicer will be entitled to reimbursement if it makes any prohibited transaction tax payment from the assets of the trust fund or from any holder of the related residual certificate. Unless otherwise specified in the related prospectus supplement, if the amounts distributable to related residual

certificates are insufficient to cover the amount of any prohibited transaction taxes, the amount necessary to reimburse the master servicer may be deducted from the amounts otherwise payable to the other classes of certificates of the series.

Distributions on Securities

General. In general, the method of determining the amount of distributions on a particular series of securities will depend on the type of credit support, if any, that is used with respect to the related series. See “Credit Enhancement.” Set forth below are descriptions of various methods that may be used to determine the amount of distributions on the securities of a particular series. The prospectus supplement for each series of securities will describe the method to be used in determining the amount of distributions on the securities of the related series.

Distributions allocable to principal and interest on the securities will be made by the trustee out of, and only to the extent of, funds in the related Security Account, including any funds transferred from any reserve fund or the pre-funding account. As between securities of different classes and as between distributions of principal (and, if applicable, between distributions of Principal Prepayments, as defined below, and scheduled payments of principal) and interest, distributions made on any distribution date will be applied as specified in the related prospectus supplement. The prospectus supplement will also describe the method for allocating distributions among securities of a particular class, but if the prospectus supplement does not, distributions to any class of securities will be made pro rata to all securityholders of that class.

Available Funds. All distributions on the securities of each series on each distribution date will be made from the Available Funds described below, in accordance with the terms described in the related prospectus supplement and specified in the Agreement. The applicable prospectus supplement may define Available Funds with references to different accounts or different amounts, but if it does not, “Available Funds” for each distribution date will generally equal the amount on deposit in the related Security Account on that distribution date (net of related fees and expenses payable by the related trust fund) other than amounts to be held therein for distribution on future distribution dates.

Distributions of Interest. Interest will accrue on the aggregate principal balance of the securities (or, in the case of securities entitled only to distributions allocable to interest, the aggregate notional amount) of each class of securities (the “Class Security Balance”) entitled to interest from the date, at the Pass-Through Rate or interest rate, as applicable (which in either case may be a fixed rate or rate adjustable as specified in the related prospectus supplement), and for the periods specified in the related prospectus supplement. To the extent funds are available therefor, interest accrued during each specified period on each class of securities entitled to interest (other than a class of securities that provides for interest that accrues, but is not currently payable) will be distributable on the distribution dates specified in the related prospectus supplement until the aggregate Class Security Balance of the securities of that class has been distributed in full or, in the case of securities entitled only to distributions allocable to interest, until the aggregate notional amount of those securities is reduced to zero or for the period of time designated in the related prospectus supplement. The original Class Security Balance of each security will equal the aggregate distributions allocable to principal to which the security is entitled. The applicable prospectus supplement may specify some other basis for these distributions, but if it does not, distributions allocable to interest on each security that is not entitled to distributions allocable to principal will be calculated based on the notional amount of the security. The notional amount of a security will not evidence an interest in or entitlement to distributions allocable to principal but will be used solely for convenience in expressing the calculation of interest and for certain other purposes.

Interest payable on the securities of a series on a distribution date will include all interest accrued during the period specified in the related prospectus supplement. In the event interest accrues over a period ending two or more days prior to a distribution date, the effective yield to securityholders will be reduced from the yield that would otherwise be obtainable if interest payable on the security were to accrue through the day immediately preceding that distribution date, and the effective yield (at par) to securityholders will be less than the indicated coupon rate.

With respect to any class of accrual securities, if specified in the related prospectus supplement, any interest that has accrued but is not paid on a given distribution date will be added to the aggregate Class Security Balance of that class of securities on that distribution date. The applicable prospectus supplement may specify some

other basis for these distributions, but if it does not, distributions of interest on any class of accrual securities will commence only after the occurrence of the events specified in the related prospectus supplement. Prior to that time, in the aggregate Class Security Balance of the class of accrual securities will increase on each distribution date by the amount of interest that accrued during the preceding interest accrual period but that was not required to be distributed to the class on that distribution date. Thereafter the class of accrual securities accrue interest on its outstanding Class Security Balance as so adjusted.

Distributions of Principal. The related prospectus supplement will specify the method by which the amount of principal to be distributed on the securities on each distribution date will be calculated and the manner in which the amount will be allocated among the classes of securities entitled to distributions of principal. The aggregate Class Security Balance of any class of securities entitled to distributions of principal generally will be the aggregate original Class Security Balance of the class of securities specified in the prospectus supplement,

- reduced by all distributions reported to the holders of the class of securities as allocable to principal,
- in the case of accrual securities, in general, increased by all interest accrued but not then distributable on the accrual securities;
- in the case of adjustable rate securities, subject to the effect of negative amortization, if applicable; and
- if specified in the related prospectus supplement, reduced by the amount of any losses allocated to the Class Security Balance of the class of securities.

If so provided in the related prospectus supplement, one or more classes of securities will be entitled to receive all or a disproportionate percentage of the payments of principal which are received from borrowers in advance of their scheduled due dates and are not accompanied by amounts representing scheduled interest due after the month in which the payment is made (“Principal Prepayments”) in the percentages and under the circumstances or for the periods specified in the prospectus supplement. The effect of this allocation of Principal Prepayments to the class or classes of securities will be to accelerate the amortization of those securities while increasing the interests evidenced by one or more other classes of securities in the trust fund. Increasing the interests of the other classes of securities relative to that of certain securities is intended to preserve the availability of the subordination provided by the securities for which the interests have been increased. See “Credit Enhancement — Subordination.”

Unscheduled Distributions. If specified in the related prospectus supplement, the securities will be subject to receipt of distributions before the next scheduled distribution date under the circumstances and in the manner described below and in the prospectus supplement. If applicable, the trustee will be required to make unscheduled distributions on the day and in the amount specified in the related prospectus supplement if, due to substantial payments of principal (including Principal Prepayments) on the Trust Fund Assets, the trustee or the master servicer determines that the funds available or anticipated to be available from the Security Account and, if applicable, any reserve fund, may be insufficient to make required distributions on the securities on that distribution date. The applicable prospectus supplement may provide for limits on the amount of an unscheduled distribution, but if it does not, the amount of any unscheduled distribution that is allocable to principal will not exceed the amount that would otherwise have been required to be distributed as principal on the securities on the next distribution date. The applicable prospectus supplement may specify whether the unscheduled distribution will include interest, but if it does not, the unscheduled distributions will include interest at the applicable Pass-Through Rate (if any) or interest rate (if any) on the amount of the unscheduled distribution allocable to principal for the period and to the date specified in the prospectus supplement.

Advances

To the extent provided in the related prospectus supplement, the master servicer will be required to advance on or before each distribution date (from its own funds, funds advanced by sub-servicers or funds held in the Security Account for future distributions to the holders of securities of the related series), an amount equal to the aggregate of payments of interest and/or principal that were delinquent on the related Determination Date (as the term is defined in the related prospectus supplement) and were not advanced by any sub-servicer, subject to the

master servicer's determination that the advances may be recoverable out of late payments by borrowers, Liquidation Proceeds, Insurance Proceeds or otherwise. In the case of cooperative loans, the master servicer also may be required to advance any unpaid maintenance fees and other charges under the related proprietary leases as specified in the related prospectus supplement.

In making advances, the master servicer will endeavor to maintain a regular flow of scheduled interest and principal payments to holders of the securities, rather than to guarantee or insure against losses. If advances are made by the master servicer from cash being held for future distribution to securityholders, the master servicer will replace those funds on or before any future distribution date to the extent that funds in the applicable Security Account on the future distribution date would be less than the amount required to be available for distributions to securityholders on that distribution date. Any master servicer funds advanced will be reimbursable to the master servicer out of recoveries on the specific loans with respect to which the advances were made (e.g., late payments made by the related borrower, any related Insurance Proceeds, Liquidation Proceeds or proceeds of any loan purchased by the depositor, a sub-servicer or a seller pursuant to the related Agreement). Advances by the master servicer (and any advances by a sub-servicer) also will be reimbursable to the master servicer (or sub-servicer) from cash otherwise distributable to securityholders (including the holders of Senior securities) to the extent that the master servicer determines that the advance or advances previously made are not ultimately recoverable as described above. To the extent provided in the related prospectus supplement, the master servicer also will be obligated to make advances, to the extent recoverable out of Insurance Proceeds, Liquidation Proceeds or otherwise, in respect of certain taxes and insurance premiums not paid by borrowers on a timely basis. Funds so advanced are reimbursable to the master servicer to the extent permitted by the related Agreement. The obligations of the master servicer to make advances may be supported by a cash advance reserve fund, a surety bond or other arrangement of the type described herein under "Credit Enhancement," in each case as described in the related prospectus supplement.

In the event the master servicer or a sub-servicer fails to make a required advance, the applicable prospectus supplement may specify whether another party will have advancing obligations, but if it does not, the trustee will be obligated to make the advance in its capacity as successor servicer. If the trustee makes an advance, it will be entitled to be reimbursed for the advance to the same extent and degree as the master servicer or a sub-servicer is entitled to be reimbursed for advances. See "Description of the Securities — Distributions on Securities."

Reports to Securityholders

Prior to or concurrently with each distribution on a distribution date the master servicer or the trustee will furnish to each securityholder of record of the related series a statement setting forth, to the extent applicable to the related series of securities, among other things:

- the amount of the distribution allocable to principal, separately identifying the aggregate amount of any Principal Prepayments and if so specified in the related prospectus supplement, any applicable prepayment charges included therein;
- the amount of the distribution allocable to interest;
- the amount of any advance;
- the aggregate amount (a) otherwise allocable to the holders of Subordinate Securities on the distribution date, and (b) withdrawn from the reserve fund or the pre-funding account, if any, that is included in the amounts distributed to the Senior Securityholders;
- the outstanding principal balance or notional amount of each class of the related series after giving effect to the distribution of principal on the distribution date;
- the percentage of principal payments on the loans (excluding prepayments), if any, which each class of the related securities will be entitled to receive on the following distribution date;

- the percentage of Principal Prepayments on the loans, if any, which each class of the related securities will be entitled to receive on the following distribution date;
- the related amount of the servicing compensation retained or withdrawn from the Security Account by the master servicer, and the amount of additional servicing compensation received by the master servicer attributable to penalties, fees, excess Liquidation Proceeds and other similar charges and items;
- the number and aggregate principal balances of loans (A) delinquent (exclusive of loans in foreclosure) 1 to 30 days, 31 to 60 days, 61 to 90 days and 91 or more days and (B) in foreclosure and delinquent 1 to 30 days, 31 to 60 days, 61 to 90 days and 91 or more days, as of the close of business on the last day of the calendar month preceding the distribution date;
- the book value of any real estate acquired through foreclosure or grant of a deed in lieu of foreclosure;
- the Pass-Through Rate or interest rate, as applicable, if adjusted from the date of the last statement, of each class of the related series expected to be applicable to the next distribution to the class;
- if applicable, the amount remaining in any reserve fund or the pre-funding account at the close of business on the distribution date;
- the Pass-Through Rate or interest rate, as applicable, as of the day prior to the immediately preceding distribution date; and
- any amounts remaining under letters of credit, pool policies or other forms of credit enhancement.

Where applicable, any amount set forth above may be expressed as a dollar amount per single security of the relevant class having the percentage interest specified in the related prospectus supplement. The report to securityholders for any series of securities may include additional or other information of a similar nature to that specified above.

In addition, within a reasonable period of time after the end of each calendar year, the master servicer or the trustee will mail to each securityholder of record at any time during the related calendar year a report (a) as to the aggregate of amounts reported pursuant to the first two items above for the related calendar year or, in the event the person was a securityholder of record during a portion of that calendar year, for the applicable portion of the year and (b) other customary information as may be deemed necessary or desirable for securityholders to prepare their tax returns.

Categories of Classes of Securities

The securities of any series may be comprised of one or more classes. These classes, in general, fall into different categories. The following chart identifies and generally defines certain of the more typical categories. The prospectus supplement for a series of securities may identify the classes which comprise the related series by reference to the following categories.

Categories of Classes	Definitions
	Principal Types
Accretion Directed.....	A class that receives principal payments from the accreted interest from specified Accrual classes. An accretion directed class also may receive principal payments from principal paid on the underlying Trust Fund Assets for the related series.
Companion Class.....	A class that receives principal payments on any distribution date only if scheduled payments have been made on specified planned principal classes, targeted principal classes or scheduled principal classes.
Component Securities.....	A class consisting of “components.” The components of a class of component securities may have different principal and/or interest payment characteristics but together constitute a single class. Each component of a class of component securities may be identified as falling into one or more of the categories in this chart.
Non-Accelerated Senior or NAS	A class that, for the period of time specified in the related prospectus supplement, generally will not receive (in other words, is locked out of) (1) principal prepayments on the underlying Trust Fund Assets that are allocated disproportionately to the senior securities because of the shifting interest structure of the securities in the trust and/or (2) scheduled principal payments on the underlying Trust Fund Assets, as specified in the related prospectus supplement. During the lock-out period, the portion of the principal distributions on the underlying Trust Fund Assets that the NAS class is locked out of will be distributed to the other classes of senior securities.
Notional Amount Securities	A class having no principal balance and bearing interest on the related notional amount. The notional amount is used for purposes of the determination of interest distributions.
Planned Principal Class or PACs.....	A class that is designed to receive principal payments using a predetermined principal balance schedule derived by assuming two constant prepayment rates for the underlying Trust Fund Assets. These two rates are the endpoints for the “structuring range” for the planned principal class. The planned principal classes in any series of certificates may be subdivided into different categories (e.g., primary planned principal classes, secondary planned principal classes and so forth) having different effective structuring ranges and different principal payment priorities. The structuring range for the secondary planned principal class of a series of certificates will be narrower than that for the primary planned principal class of the series.
Scheduled Principal Class	A class that is designed to receive principal payments using a predetermined principal balance schedule but is not designated as a Planned Principal Class or Targeted Principal Class. In many cases, the schedule is derived by assuming two constant prepayment rates for the underlying Trust Fund Assets. These two rates are the endpoints for the “structuring range” for the scheduled principal class.

Categories of Classes	Definitions
Sequential Pay	Classes that receive principal payments in a prescribed sequence, that do not have predetermined principal balance schedules and that under all circumstances receive payments of principal continuously from the first distribution date on which they receive principal until they are retired. A single class that receives principal payments before or after all other classes in the same series of securities may be identified as a sequential pay class.
Strip	A class that receives a constant proportion, or “strip,” of the principal payments on the underlying Trust Fund Assets.
Super Senior	A class that will not bear its proportionate share of realized losses (other than excess losses) as its share is directed to another class, referred to as the “support class” until the class principal balance of the support class is reduced to zero.
Support Class.....	A class that absorbs the realized losses other than excess losses that would otherwise be allocated to a Super Senior Class (or would not otherwise be allocated to the Senior Class) after the related Classes of subordinate securities are no longer outstanding.
Targeted Principal Class or TACs	A class that is designed to receive principal payments using a predetermined principal balance schedule derived by assuming a single constant prepayment rate for the underlying Trust Fund Assets.

Interest Types

Fixed Rate.....	A class with an interest rate that is fixed throughout the life of the class.
Floating Rate or Adjustable Rate	A class with an interest rate that resets periodically based upon a designated index and that varies directly with changes in the index.
Inverse Floating Rate.....	A class with an interest rate that resets periodically based upon a designated index and that varies inversely with changes in the index.
Variable Rate	A class with an interest rate that resets periodically and is calculated by reference to the rate or rates of interest applicable to specified assets or instruments (e.g., the Loan Rates borne by the underlying loans).
Interest Only	A class that receives some or all of the interest payments made on the underlying Trust Fund Assets and little or no principal. Interest Only classes have either a nominal principal balance or a notional amount. A nominal principal balance represents actual principal that will be paid on the class. It is referred to as nominal since it is extremely small compared to other classes. A notional amount is the amount used as a reference to calculate the amount of interest due on an Interest Only class that is not entitled to any distributions in respect of principal.
Principal Only.....	A class that does not bear interest and is entitled to receive only distributions in respect of principal.

Categories of Classes	Definitions
Partial Accrual	A class that accretes a portion of the amount of accrued interest thereon, which amount will be added to the principal balance of the class on each applicable distribution date, with the remainder of the accrued interest to be distributed currently as interest on the Partial Accrual class. This accretion may continue until a specified event has occurred or until the Partial Accrual class is retired.
Accrual	A class that accretes the amount of accrued interest otherwise distributable on the Accrual class, which amount will be added as principal to the principal balance of the Accrual class on each applicable distribution date. This accretion may continue until some specified event has occurred or until the Accrual class is retired.
Callable.....	A class that is redeemable or terminable when 25% or more of the original principal balance of the mortgage loans held in the trust fund is outstanding.

Other types of securities that may be issued include classes that are entitled to receive only designated portions of the collections on the Trust Fund Assets (i.e. prepayment charges) or excess cashflow from all or designated portions of the Trust Fund Assets (sometimes referred to as “residual classes”).

Indices Applicable to Floating Rate and Inverse Floating Rate Classes

LIBOR

The applicable prospectus supplement may specify some other basis for determining LIBOR, but if it does not, on the LIBOR determination date (as defined in the related prospectus supplement) for each class of certificates of a series for which the applicable interest rate is determined by reference to an index denominated as LIBOR, the person designated in the related pooling and servicing agreement as the calculation agent will determine LIBOR in accordance with one of the two methods described below (which method will be specified in the related prospectus supplement):

LIBO Method

Unless otherwise specified in the related prospectus supplement, if using this method to calculate LIBOR, the calculation agent will determine LIBOR on the basis of the rate for U.S. dollar deposits for the period specified in the prospectus supplement that appears on Telerate Screen Page 3750 as of 11:00 a.m. (London time) on the interest determination date (as defined in the related prospectus supplement). If the rate does not appear on the Telerate Screen Page 3750 (or any page that may replace the page on that service, or if this service is no longer offered, another service for displaying LIBOR or comparable rates as may be reasonably selected by the calculation agent), LIBOR for the applicable accrual period will be the Reference Bank Rate.

“Reference Bank Rate” with respect to any accrual period, means

(a) the arithmetic mean (rounded upwards, if necessary, to the nearest whole multiple of 0.03125%) of the offered rates for United States dollar deposits for one month that are quoted by the reference banks as of 11:00 a.m., New York City time, on the related interest determination date to prime banks in the London interbank market, provided that at least two reference banks provide the rate; and

(b) If fewer than two offered rates appear, the Reference Bank Rate will be the arithmetic mean (rounded upwards, if necessary, to the nearest whole multiple of 0.03125%) of the rates quoted by one or more major banks in New York City, selected by the calculation agent, as of 11:00 a.m., New York City time, on the related interest determination date for loans in U.S. dollars to leading European banks.

Each reference bank will be a leading bank engaged in transactions in Eurodollar deposits in the international Eurocurrency market; will not control, be controlled by, or be under common control with the depositor, Countrywide Home Loans or the master servicer; and will have an established place of business in London. If a reference bank should be unwilling or unable to act as a reference bank or if appointment of a reference bank is terminated, another leading bank meeting the criteria specified above will be appointed.

If these quotations cannot be obtained by the calculation agent and no Reference Bank Rate is available, LIBOR will be LIBOR applicable to the preceding interest accrual period.

BBA Method

If using this method of determining LIBOR, the calculation agent will determine LIBOR on the basis of the British Bankers' Association "Interest Settlement Rate" for one-month deposits in United States dollars as found on Telerate page 3750 as of 11:00 a.m. London time on each LIBOR determination date. Interest Settlement Rates currently are based on rates quoted by eight British Bankers' Association designated banks as being, in the view of the banks, the offered rate at which deposits are being quoted to prime banks in the London interbank market. The Interest Settlement Rates are calculated by eliminating the two highest rates and the two lowest rates, averaging the four remaining rates, carrying the result (expressed as a percentage) out to six decimal places, and rounding to five decimal places.

If on any LIBOR determination date, the calculation agent is unable to calculate LIBOR in accordance with the method set forth in the immediately preceding paragraph, LIBOR for the next interest accrual period shall be calculated in accordance with the LIBOR method described under "LIBO Method."

The establishment of LIBOR on each LIBOR determination date by the calculation agent and its calculation of the rate of interest for the applicable classes for the related interest accrual period shall (in the absence of manifest error) be final and binding.

COFI

The Eleventh District Cost of Funds Index is designed to represent the monthly weighted average cost of funds for savings institutions in Arizona, California and Nevada that are member institutions of the Eleventh Federal Home Loan Bank District (the "Eleventh District"). The Eleventh District Cost of Funds Index for a particular month reflects the interest costs paid on all types of funds held by Eleventh District member institutions and is calculated by dividing the cost of funds by the average of the total amount of those funds outstanding at the end of that month and of the prior month and annualizing and adjusting the result to reflect the actual number of days in the particular month. If necessary, before these calculations are made, the component figures are adjusted by the Federal Home Loan Bank of San Francisco ("FHLBSF") to neutralize the effect of events such as member institutions leaving the Eleventh District or acquiring institutions outside the Eleventh District. The Eleventh District Cost of Funds Index is weighted to reflect the relative amount of each type of funds held at the end of the relevant month. The major components of funds of Eleventh District member institutions are: savings deposits, time deposits, FHLBSF advances, repurchase agreements and all other borrowings. Because the component funds represent a variety of maturities whose costs may react in different ways to changing conditions, the Eleventh District Cost of Funds Index does not necessarily reflect current market rates.

A number of factors affect the performance of the Eleventh District Cost of Funds Index, which may cause it to move in a manner different from indices tied to specific interest rates, such as United States Treasury bills or LIBOR. Because the liabilities upon which the Eleventh District Cost of Funds Index is based were issued at various times under various market conditions and with various maturities, the Eleventh District Cost of Funds Index may not necessarily reflect the prevailing market interest rates on new liabilities of similar maturities. Moreover, as stated above, the Eleventh District Cost of Funds Index is designed to represent the average cost of funds for Eleventh District savings institutions for the month prior to the month in which it is due to be published. Additionally, the Eleventh District Cost of Funds Index may not necessarily move in the same direction as market interest rates at all times, since as longer term deposits or borrowings mature and are renewed at prevailing market interest rates, the Eleventh District Cost of Funds Index is influenced by the differential between the prior and the new rates on those deposits or borrowings. In addition, movements of the Eleventh District Cost of Funds Index, as

compared to other indices tied to specific interest rates, may be affected by changes instituted by the FHLBSF in the method used to calculate the Eleventh District Cost of Funds Index.

The FHLBSF publishes the Eleventh District Cost of Funds Index in its monthly Information Bulletin. Any individual may request regular receipt by mail of Information Bulletins by writing the Federal Home Loan Bank of San Francisco, P.O. Box 7948, 600 California Street, San Francisco, California 94120, or by calling (415) 616-1000. The Eleventh District Cost of Funds Index may also be obtained by calling the FHLBSF at (415) 616-2600.

The FHLBSF has stated in its Information Bulletin that the Eleventh District Cost of Funds Index for a month “will be announced on or near the last working day” of the following month and also has stated that it “cannot guarantee the announcement” of the index on an exact date. So long as the Eleventh District Cost of Funds Index for a month is announced on or before the tenth day of the second following month, the interest rate for each class of securities of a series as to which the applicable interest rate is determined by reference to an index denominated as COFI (each, a class of “COFI securities”) for the Interest Accrual Period commencing in the second following month will be based on the Eleventh District Cost of Funds Index for the second preceding month. If publication is delayed beyond the tenth day, the interest rate will be based on the Eleventh District Cost of Funds Index for the third preceding month.

The applicable prospectus supplement may specify some other basis for determining COFI, but if it does not, then if on the tenth day of the month in which any interest accrual period commences for a class of COFI securities the most recently published Eleventh District Cost of Funds Index relates to a month before the third preceding month, the index for the current interest accrual period and for each succeeding interest accrual period will, except as described in the next to last sentence of this paragraph, be based on the National Monthly Median Cost of Funds Ratio to SAIF-Insured Institutions (the “National Cost of Funds Index”) published by the Office of Thrift Supervision (the “OTS”) for the third preceding month (or the fourth preceding month if the National Cost of Funds Index for the third preceding month has not been published on the tenth day of an interest accrual period). Information on the National Cost of Funds Index may be obtained by writing the OTS at 1700 G Street, N.W., Washington, D.C. 20552 or calling (202) 906-6677, and the current National Cost of Funds Index may be obtained by calling (202) 906-6988. If on the tenth day of the month in which an interest accrual period commences the most recently published National Cost of Funds Index relates to a month before the fourth preceding month, the applicable index for the interest accrual period and each succeeding interest accrual period will be based on LIBOR, as determined by the calculation agent in accordance with the Agreement relating to the series of certificates. A change of index from the Eleventh District Cost of Funds Index to an alternative index will result in a change in the index level and could increase its volatility, particularly if LIBOR is the alternative index.

The establishment of COFI by the calculation agent and its calculation of the rates of interest for the applicable classes for the related interest accrual period shall (in the absence of manifest error) be final and binding.

Treasury Index

The applicable prospectus supplement may specify some other basis for determining and defining the Treasury index, but if it does not, on the Treasury index determination date for each class of securities of a series for which the applicable interest rate is determined by reference to an index denominated as a Treasury index, the calculation agent will ascertain the Treasury index for Treasury securities of the maturity and for the period (or, if applicable, date) specified in the related prospectus supplement. The Treasury index for any period means the average of the yield for each business day during the specified period (and for any date means the yield for the date), expressed as a per annum percentage rate, on U.S. Treasury securities adjusted to the “constant maturity” specified in the prospectus supplement or if no “constant maturity” is so specified, U.S. Treasury securities trading on the secondary market having the maturity specified in the prospectus supplement, in each case as published by the Federal Reserve Board in its Statistical Release No. H.15 (519). Statistical Release No. H.15 (519) is published on Monday or Tuesday of each week and may be obtained by writing or calling the Publications Department at the Board of Governors of the Federal Reserve System, 21st and C Streets, Washington, D.C. 20551 (202) 452-3244. If the calculation agent has not yet received Statistical Release No. H.15 (519) for a week, then it will use the Statistical Release from the preceding week.

Yields on U.S. Treasury securities at “constant maturity” are derived from the U.S. Treasury’s daily yield curve. This curve, which relates the yield on a security to its time to maturity, is based on the closing market bid yields on actively traded Treasury securities in the over-the-counter market. These market yields are calculated from composites of quotations reported by five leading U.S. Government securities dealers to the Federal Reserve Bank of New York. This method provides a yield for a given maturity even if no security with that exact maturity is outstanding. In the event that the Treasury Index is no longer published, a new index based upon comparable data and methodology will be designated in accordance with the Agreement relating to the particular series of securities. The Calculation Agent’s determination of the Treasury Index, and its calculation of the rates of interest for the applicable classes for the related Interest Accrual Period shall (in the absence of manifest error) be final and binding.

Prime Rate

The applicable prospectus supplement may specify the party responsible for determining the Prime Rate, but if it does not, on the Prime Rate Determination Date (as the term is defined in the related prospectus supplement) for each class of securities of a series as to which the applicable interest rate is determined by reference to an index denominated as the Prime Rate, the calculation agent will ascertain the Prime Rate for the related interest accrual period. The applicable prospectus supplement may provide for the means of determining the Prime Rate, but if it does not, the Prime Rate for an interest accrual period will be the “Prime Rate” as published in the “Money Rates” section of The Wall Street Journal (or if not so published, the “Prime Rate” as published in a newspaper of general circulation selected by the calculation agent in its sole discretion) on the related Prime Rate Determination Date. If a prime rate range is given, then the average of that range will be used. In the event that the Prime Rate is no longer published, a new index based upon comparable data and methodology will be designated in accordance with the Agreement relating to the particular series of securities. The calculation agent’s determination of the Prime Rate and its calculation of the rates of interest for the related interest accrual period shall (in the absence of manifest error) be final and binding.

Book-Entry Registration of Securities

As described in the related prospectus supplement, if not issued in fully registered certificated form, each class of securities will be registered as book-entry certificates (the “Book-Entry Securities”). Persons acquiring beneficial ownership interests in the Book-Entry Securities (“Security Owners”) may elect to hold their Book-Entry Securities through the Depository Trust Company (“DTC”) in the United States, or Clearstream, Luxembourg or the Euroclear System (“Euroclear”), in Europe, if they are participants of those systems, or indirectly through organizations which are participants in those systems. Each class of the Book-Entry Securities will be issued in one or more certificates which equal the aggregate principal balance of the applicable class of the Book-Entry Securities and will initially be registered in the name of Cede & Co., the nominee of DTC. Clearstream, Luxembourg and Euroclear will hold omnibus positions on behalf of their participants through customers’ securities accounts in Clearstream, Luxembourg and Euroclear’s names on the books of their respective depositories which in turn will hold the positions in customers’ securities accounts in the depositories’ names on the books of DTC. Citibank, NA will act as depository for Clearstream, Luxembourg and JPMorgan Chase will act as depository for Euroclear (in those capacities, individually the “Relevant Depository” and collectively the “European Depositories”). Unless otherwise described in the related prospectus supplement, beneficial interests in the Book-Entry Securities may be held in minimum denominations representing Certificate Principal Balances of \$20,000 and integral multiples of \$1,000 in excess thereof, except that one investor of each class of Book-Entry Securities may hold a beneficial interest therein that is not an integral multiple of \$1,000. Except as described below, no person acquiring a beneficial ownership interest in a Book-Entry Security (each, a “beneficial owner”) will be entitled to receive a physical certificate representing the person’s beneficial ownership interest in the Book-Entry Security (a “Definitive Security”). Unless and until Definitive Securities are issued, it is anticipated that the only securityholders of the Book-Entry Securities will be Cede & Co., as nominee of DTC. Security Owners will not be Certificateholders as that term is used in the applicable Agreement. Security Owners are only permitted to exercise their rights indirectly through the participating organizations that utilize the services of DTC, including securities brokers and dealers, banks and trust companies and clearing corporations and certain other organizations (“Participants”) and DTC.

The beneficial owner’s ownership of a Book-Entry Security will be recorded on the records of the brokerage firm, bank, thrift institution or other financial intermediary (each, a “Financial Intermediary”) that maintains the beneficial owner’s account for that purpose. In turn, the Financial Intermediary’s ownership of the

Book-Entry Security will be recorded on the records of DTC (or of a participating firm that acts as agent for the Financial Intermediary, whose interest will in turn be recorded on the records of DTC, if the beneficial owner's Financial Intermediary is not a DTC Participant and on the records of Clearstream, Luxembourg or Euroclear, as appropriate).

Security Owners will receive all distributions of principal of, and interest on, the Book-Entry Securities from the trustee through DTC and DTC Participants. While the Book-Entry Securities are outstanding (except under the circumstances described below), under the rules, regulations and procedures creating and affecting DTC and its operations (the "Rules"), DTC is required to make book-entry transfers among Participants on whose behalf it acts with respect to the Book-Entry Securities and is required to receive and transmit distributions of principal of, and interest on, the Book-Entry Securities. Participants and organizations which have indirect access to the DTC system, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly ("Indirect Participants"), with whom Security Owners have accounts with respect to the Book-Entry Securities are similarly required to make book-entry transfers and receive and transmit the distributions on behalf of their respective Security Owners. Accordingly, although Security Owners will not possess certificates, the Rules provide a mechanism by which Security Owners will receive distributions and will be able to transfer their interest.

Security Owners will not receive or be entitled to receive certificates representing their respective interests in the Book-Entry Securities, except under the limited circumstances described below. Unless and until Definitive Securities are issued, Security Owners who are not Participants may transfer ownership of the Book-Entry Securities only through Participants and Indirect Participants by instructing the Participants and Indirect Participants to transfer Book-Entry Securities, by book-entry transfer, through DTC for the account of the purchasers of the Book-Entry Securities, which account is maintained with their respective Participants. Under the Rules and in accordance with DTC's normal procedures, transfers of ownership of Book-Entry Securities will be executed through DTC and the accounts of the respective Participants at DTC will be debited and credited. Similarly, the Participants and Indirect Participants will make debits or credits, as the case may be, on their records on behalf of the selling and purchasing Security Owners.

Because of time zone differences, credits of securities received in Clearstream, Luxembourg or Euroclear as a result of a transaction with a Participant will be made during, subsequent securities settlement processing and dated the business day following, the DTC settlement date. These credits or any transactions in the securities received in Clearstream, Luxembourg or Euroclear as a result of a transaction with a Participant, settled during the processing will be reported to the relevant Euroclear or Clearstream, Luxembourg Participants on that following business day. Cash received in Clearstream, Luxembourg or Euroclear, as a result of sales of securities by or through a Clearstream, Luxembourg Participant or Euroclear Participant to a DTC Participant, will be received with value on the DTC settlement date but will be available in the relevant Clearstream, Luxembourg or Euroclear cash account only as of the business day following settlement in DTC.

Transfers between Participants will occur in accordance with DTC rules. Transfers between Clearstream, Luxembourg Participants and Euroclear Participants will occur in accordance with their respective rules and operating procedures.

Cross-market transfers between persons holding securities directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg Participants or Euroclear Participants, on the other, will be effected by DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the Relevant Depository; however, these cross market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in that system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to the Relevant Depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream, Luxembourg Participants and Euroclear Participants may not deliver instructions directly to the European Depositories.

DTC, which is a New York-chartered limited purpose trust company, performs services for its participants, some of which (and/or their representatives) own DTC. In accordance with its normal procedures, DTC is expected to record the positions held by each DTC participant in the Book-Entry Securities, whether held for its own account or as a nominee for another person. In general, beneficial ownership of Book-Entry Securities will be subject to the rules, regulations and procedures governing DTC and DTC participants as in effect from time to time.

Clearstream Banking, société anonyme, 67 Bd Grande-Duchesse Charlotte, L-2967 Luxembourg (“Clearstream, Luxembourg”), was incorporated in 1970 as “Clearstream, Luxembourg S.A.” a company with limited liability under Luxembourg law (a société anonyme). Clearstream, Luxembourg S.A. subsequently changed its name to Cedelbank. On January 10, 2000, Cedelbank’s parent company, Clearstream, Luxembourg International, société anonyme (“CI”) merged its clearing, settlement and custody business with that of Deutsche Borse Clearing AG (“DBC”). The merger involved the transfer by CI of substantially all of its assets and liabilities (including its shares in CB) to a new Luxembourg company, New Clearstream, Luxembourg International, société anonyme (“New CI”), which is 50% owned by CI and 50% owned by DBC’s parent company Deutsche Borse AG. The shareholders of these two entities are banks, securities dealers and financial institutions. Clearstream, Luxembourg International currently has 92 shareholders, including U.S. financial institutions or their subsidiaries. No single entity may own more than 5 percent of Clearstream, Luxembourg International’s stock.

Further to the merger, the Board of Directors of New CI decided to re-name the companies in the group in order to give them a cohesive brand name. The new brand name that was chosen is “Clearstream” effective as of January 14, 2000. New CI has been renamed “Clearstream International, société anonyme.” On January 18, 2000, Cedelbank was renamed “Clearstream Banking, société anonyme” and Clearstream, Luxembourg Global Services was renamed “Clearstream Services, société anonyme.”

On January 17, 2000, DBC was renamed “Clearstream Banking AG.” This means that there are now two entities in the corporate group headed by Clearstream International which share the name “Clearstream Banking,” the entity previously named “Cedelbank” and the entity previously named “Deutsche Borse Clearing AG.”

Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg customers through electronic book-entry changes in accounts of Clearstream, Luxembourg customers, thereby eliminating the need for physical movement of certificates. Transactions may be settled by Clearstream, Luxembourg in any of 36 currencies, including United States Dollars. Clearstream, Luxembourg provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg also deals with domestic securities markets in over 30 countries through established depository and custodial relationships. Clearstream, Luxembourg is registered as a bank in Luxembourg and is subject to regulation by the Commission de Surveillance du Secteur Financier, “CSSF,” which supervises Luxembourg banks. Clearstream, Luxembourg’s customers are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Clearstream, Luxembourg’s U.S. customers are limited to securities brokers and dealers, and banks. Currently, Clearstream, Luxembourg has approximately 2,000 customers located in over 80 countries, including all major European countries, Canada, and the United States. Indirect access to Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of Clearstream, Luxembourg. Clearstream, Luxembourg has established an electronic bridge with Euroclear Bank S.A./ N.V. as the Operator of the Euroclear System (the “Euroclear Operator”) in Brussels to facilitate settlement of trades between Clearstream, Luxembourg and the Euroclear Operator.

Euroclear was created in 1968 to hold securities for participants of Euroclear (“Euroclear Participants”) and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Transactions may now be settled in any of 32 currencies, including United States dollars. Euroclear includes various other services, including securities lending and borrowing and interfaces with domestic markets in several countries generally similar to the arrangements for cross-market transfers with DTC described above. Euroclear is operated by the Brussels, Belgium office of the Euroclear Operator, under contract with Euroclear Clearance Systems S.C., a Belgian cooperative corporation (the “Cooperative”). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance

accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear Participants. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

The Euroclear Operator has a banking license from the Belgian Banking and Finance Commission. This license authorizes the Euroclear Operator to carry out banking activities on a global basis.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System and applicable Belgian law (collectively, the “Terms and Conditions”). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear Participants, and has no record of or relationship with persons holding through Euroclear Participants.

Distributions on the Book-Entry Securities will be made on each Distribution Date by the trustee to DTC. DTC will be responsible for crediting the amount of payments on Book-Entry Securities to the accounts of the applicable DTC participants in accordance with DTC’s normal procedures. Each DTC participant will be responsible for disbursing the payments to the beneficial owners of the Book-Entry Securities that it represents and to each Financial Intermediary for which it acts as agent. Each Financial Intermediary will be responsible for disbursing funds to the beneficial owners of the Book-Entry Securities that it represents.

Under a book-entry format, beneficial owners of the Book-Entry Securities may experience some delay in their receipt of payments, since the payments will be forwarded by the trustee to Cede & Co. Distributions with respect to Book-Entry Securities held through Clearstream, Luxembourg or Euroclear will be credited to the cash accounts of Clearstream, Luxembourg Participants or Euroclear Participants in accordance with the relevant system’s rules and procedures, to the extent received by the Relevant Depository. These distributions will be subject to tax reporting in accordance with relevant United States tax laws and regulations. See “Material Federal Income Tax Consequences — Tax Treatment of Foreign Investors” and “— Tax Consequences to Holders of the Notes — Backup Withholding” herein. Because DTC can only act on behalf of Financial Intermediaries, the ability of a beneficial owner to pledge Book-Entry Securities to persons or entities that do not participate in the depository system, or otherwise take actions in respect of Book-Entry Securities, may be limited due to the lack of physical certificates for the Book-Entry Securities. In addition, issuance of the Book-Entry Securities in book-entry form may reduce the liquidity of the securities in the secondary market since certain potential investors may be unwilling to purchase securities for which they cannot obtain physical certificates.

Monthly and annual reports on the Trust provided to Cede & Co., as nominee of DTC, may be made available to beneficial owners upon request, in accordance with the rules, regulations and procedures creating and affecting DTC or the Depository, and to the Financial Intermediaries to whose DTC accounts the Book-Entry Securities of the beneficial owners are credited.

DTC has advised the trustee that, unless and until Definitive Securities are issued, DTC will take any action permitted to be taken by the holders of the Book-Entry Securities under the applicable Agreement only at the direction of one or more Financial Intermediaries to whose DTC accounts the Book-Entry Securities are credited, to the extent that those actions are taken on behalf of Financial Intermediaries whose holdings include those Book-Entry Securities. Clearstream, Luxembourg or the Euroclear Operator, as the case may be, will take any other action permitted to be taken by a holder of a Book-Entry Security under the applicable Agreement on behalf of a Clearstream, Luxembourg Participant or Euroclear Participant only in accordance with its relevant rules and procedures and subject to the ability of the Relevant Depository to effect the actions on its behalf through DTC. DTC may take actions, at the direction of the related Participants, with respect to some Book-Entry Securities which conflict with actions taken with respect to other Book-Entry Securities.

Definitive Securities will be issued to beneficial owners of the Book-Entry Securities, or their nominees, rather than to DTC, only if (a) DTC or the depositor advises the trustee in writing that DTC is no longer willing, qualified or able to discharge properly its responsibilities as nominee and depository with respect to the Book-Entry Securities and the depositor or the trustee is unable to locate a qualified successor or (b) after the occurrence of an Event of Default, beneficial owners having not less than 51% of the voting rights evidenced by the Book-Entry Securities advise the trustee and DTC through the Financial Intermediaries and the DTC participants in writing that the continuation of a book-entry system through DTC (or a successor thereto) is no longer in the best interests of beneficial owners of that class.

Upon the occurrence of any of the events described in the immediately preceding paragraph, the trustee will be required to notify all beneficial owners of the occurrence of the event and the availability through DTC of Definitive Securities. Upon surrender by DTC of the global certificate or certificates representing the Book-Entry Securities and instructions for re-registration, the trustee will issue Definitive Securities, and thereafter the trustee will recognize the holders of the Definitive Securities as securityholders under the applicable Agreement.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of securities among participants of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform these procedures and these procedures may be discontinued at any time.

None of the master servicer, the depositor or the trustee will have any responsibility for any aspect of the records relating to or payments made on account of beneficial ownership interests of the Book-Entry Securities held by Cede & Co., as nominee of DTC, or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests.

Credit Enhancement

General

Credit enhancement may be provided with respect to one or more classes of a series of securities or with respect to the related Trust Fund Assets. Credit enhancement may be in the form of:

- the subordination of one or more classes of the securities of the series,
- letter of credit,
- a limited financial guaranty policy issued by an entity named in the related prospectus supplement,
- surety bond,
- bankruptcy bond,
- special hazard insurance policy,
- guaranteed investment contract,
- overcollateralization,
- one or more reserve funds,
- a mortgage pool insurance policy,
- FHA Insurance,

- a VA Guarantee,
- cross-collateralization feature, or
- any combination of the foregoing.

The applicable prospectus supplement may provide for credit enhancement which covers all the classes of securities, but if it does not, credit enhancement will not provide protection against all risks of loss and will not guarantee repayment of the entire principal balance of the securities and interest thereon. If losses occur which exceed the amount covered by credit enhancement or which are not covered by the credit enhancement, securityholders will bear their allocable share of any deficiencies.

Subordination

If so specified in the related prospectus supplement, protection afforded to holders of one or more classes of securities of a series by means of the subordination feature may be accomplished by the preferential right of holders of one or more other classes of the series (the “Senior Securities”) to distributions in respect of scheduled principal, Principal Prepayments, interest or any combination thereof that otherwise would have been payable to holders of subordinate securities (the “Subordinate Securities”) under the circumstances and to the extent specified in the related prospectus supplement. Protection may also be afforded to the holders of Senior Securities of a series by: (i) reducing the principal or notional balance (if applicable) of the related subordinate securities; (ii) a combination of the immediately preceding sentence and clause (i) above; or (iii) as otherwise described in the related prospectus supplement. If so specified in the related prospectus supplement, delays in receipt of scheduled payments on the loans and losses on defaulted loans may be borne first by the various classes of subordinate securities and thereafter by the various classes of Senior Securities, in each case under the circumstances and subject to the limitations specified in the related prospectus supplement. The aggregate distributions in respect of delinquent payments on the loans over the lives of the securities or at any time, the aggregate losses in respect of defaulted loans which must be borne by the Subordinate Securities by virtue of subordination and the amount of the distributions otherwise distributable to the holders of Subordinate Securities that will be distributable to Senior Securityholders on any distribution date may be limited as specified in the related prospectus supplement. If aggregate distributions in respect of delinquent payments on the loans or aggregate losses in respect of the loans were to exceed an amount specified in the related prospectus supplement, holders of Senior Securities would experience losses on the securities.

In addition to or in lieu of the foregoing, if so specified in the related prospectus supplement, all or any portion of distributions otherwise payable to holders of Subordinate Securities on any distribution date may instead be deposited into one or more reserve funds established with the trustee or distributed to holders of Senior Securities. The deposits to a reserve fund may be made on each distribution date, for specified periods or until the balance in the reserve fund has reached a specified amount and, following payments from the reserve fund to holders of Senior Securities or otherwise, thereafter to the extent necessary to restore the balance in the reserve fund to required levels, in each case as specified in the related prospectus supplement. Amounts on deposit in the reserve fund may be released to the holders of certain classes of securities at the times and under the circumstances specified in the related prospectus supplement.

If specified in the related prospectus supplement, various classes of Senior Securities and Subordinate Securities may themselves be subordinate in their right to receive certain distributions to other classes of Senior and Subordinate Securities, respectively, through preferential rights of those classes of securities to distributions in respect to the other classes of Senior Securities and Subordinate Securities, a cross-collateralization mechanism or otherwise.

As between classes of Senior Securities and as between classes of Subordinate Securities, distributions may be allocated among those classes (i) in the order of their scheduled final distribution dates, (ii) in accordance with a schedule or formula, (iii) in relation to the occurrence of events, or (iv) otherwise, in each case as specified in the related prospectus supplement. As between classes of Subordinate Securities, payments to holders of Senior

Securities on account of delinquencies or losses and payments to any reserve fund will be allocated as specified in the related prospectus supplement.

Letter of Credit

The letter of credit, if any, with respect to a series of securities will be issued by the bank or financial institution specified in the related prospectus supplement (the “L/C Bank”). Under the letter of credit, the L/C Bank will be obligated to honor drawings thereunder in an aggregate fixed dollar amount, net of unreimbursed payments thereunder, equal to the percentage specified in the related prospectus supplement of the aggregate principal balance of the loans on the related cut-off date or of one or more classes of securities (the “L/C Percentage”). If so specified in the related prospectus supplement, the letter of credit may permit drawings in the event of losses not covered by insurance policies or other credit support, such as losses arising from damage not covered by standard hazard insurance policies, losses resulting from the bankruptcy of a borrower and the application of certain provisions of the federal Bankruptcy Code, or losses resulting from denial of insurance coverage due to misrepresentations in connection with the origination of a loan. The amount available under the letter of credit will, in all cases, be reduced to the extent of the unreimbursed payments thereunder. The obligations of the L/C Bank under the letter of credit for each series of securities will expire at the earlier of the date specified in the related prospectus supplement or the termination of the trust fund. See “The Agreements — Termination: Optional Termination.” A copy of the letter of credit for a series, if any, will be filed with the SEC as an exhibit to a Current Report on Form 8-K after the issuance of the securities of the related series.

Insurance Policies, Surety Bonds and Guaranties

If so provided in the prospectus supplement for a series of securities, deficiencies in amounts otherwise payable on the securities or certain classes thereof will be covered by insurance policies and/or surety bonds provided by one or more insurance companies or sureties. These instruments may cover, with respect to one or more classes of securities of the related series, timely distributions of interest and/or full distributions of principal on the basis of a schedule of principal distributions set forth in or determined in the manner specified in the related prospectus supplement. In addition, if specified in the related prospectus supplement, a trust fund may also include bankruptcy bonds, special hazard insurance policies, other insurance or guaranties for the purpose of (i) maintaining timely payments or providing additional protection against losses on the assets included in the trust fund, (ii) paying administrative expenses or (iii) establishing a minimum reinvestment rate on the payments made in respect of the assets or principal payment rate on the assets. If specified in the related prospectus supplement, the trust fund may include a guaranteed investment contract pursuant to which the trust fund is entitled to receive specified payments for a period of time. These arrangements may include agreements under which securityholders are entitled to receive amounts deposited in various accounts held by the trustee upon the terms specified in the related prospectus supplement. If applicable, a copy of any instrument for a series will be filed with the SEC as an exhibit to a Current Report on Form 8-K after the issuance of the securities of the related series.

Overcollateralization and Excess Cash Flow

If so provided in the prospectus supplement for a series of securities, the aggregate principal balance of the underlying Trust Fund Assets as of the cut-off date may exceed the principal balance of the securities being issued, thereby resulting in overcollateralization. In addition, if so provided in the prospectus supplement, a portion of the interest payment on each loan may be applied as an additional distribution in respect of principal to reduce the principal balance of a certain class or classes of securities and, thus, accelerate the rate of payment of principal on that class or classes of securities. Reducing the principal balance of the securities without a corresponding reduction in the principal balance of the underlying Trust Fund Assets will result in overcollateralization or increase the level of overcollateralization. Additionally, some of the excess cash flow may be applied to make distributions to holders of securities to which losses have been allocated up to the amount of the losses that were allocated.

Reserve Accounts

If specified in the related prospectus supplement, credit support with respect to a series of securities will be provided by the establishment and maintenance with the trustee for the series of securities, in trust, of one or more

reserve funds for the series. The related prospectus supplement will specify whether or not any reserve fund will be included in the trust fund for the related series.

The reserve fund for a series will be funded (i) by the deposit therein of cash, United States Treasury securities, instruments evidencing ownership of principal or interest payments thereon, letters of credit, demand notes, certificates of deposit or a combination thereof in the aggregate amount specified in the related prospectus supplement, (ii) by the deposit therein from time to time of certain amounts, as specified in the related prospectus supplement to which the holders of Subordinate Securities, if any, would otherwise be entitled or (iii) or as otherwise may be specified in the related prospectus supplement.

Any amounts on deposit in the reserve fund and the proceeds of any other instrument upon maturity will be held in cash or will be invested in Permitted Investments. Any amounts so deposited and payments on instruments so deposited will be available for withdrawal from the reserve fund for distribution to the holders of securities of the related series for the purposes, in the manner and at the times specified in the related prospectus supplement.

Pool Insurance Policies

If specified in the related prospectus supplement, a separate pool insurance policy (“Pool Insurance Policy”) will be obtained for the pool and issued by the insurer (the “Pool Insurer”) named in the related prospectus supplement. Each Pool Insurance Policy will, subject to the limitations described below, cover loss by reason of default in payment on loans in the pool in an amount equal to a percentage specified in the related prospectus supplement of the aggregate principal balance of the loans on the cut-off date which are not covered as to their entire outstanding principal balances by Primary Mortgage Insurance Policies. As more fully described below, the master servicer will present claims thereunder to the Pool Insurer on behalf of itself, the trustee and the holders of the securities of the related series. The Pool Insurance Policies, however, are not blanket policies against loss, since claims thereunder may only be made respecting particular defaulted loans and only upon satisfaction of certain conditions precedent described below. The applicable prospectus supplement may provide for the extent of coverage provided by the related Pool Insurance Policy, but if it does not, the Pool Insurance Policies will not cover losses due to a failure to pay or denial of a claim under a Primary Mortgage Insurance Policy.

The applicable prospectus supplement may provide for the conditions for the presentation of claims under a Pool Insurance Policy, but if it does not, the Pool Insurance Policy will provide that no claims may be validly presented unless (i) any required Primary Mortgage Insurance Policy is in effect for the defaulted loan and a claim thereunder has been submitted and settled; (ii) hazard insurance on the related Property has been kept in force and real estate taxes and other protection and preservation expenses have been paid; (iii) if there has been physical loss or damage to the Property, it has been restored to its physical condition (reasonable wear and tear excepted) at the time of issuance of the policy; and (iv) the insured has acquired good and merchantable title to the Property free and clear of liens except certain permitted encumbrances. Upon satisfaction of these conditions, the Pool Insurer will have the option either (a) to purchase the property securing the defaulted loan at a price equal to the principal balance thereof plus accrued and unpaid interest at the Loan Rate to the date of the purchase and certain expenses incurred by the master servicer on behalf of the trustee and securityholders, or (b) to pay the amount by which the sum of the principal balance of the defaulted loan plus accrued and unpaid interest at the Loan Rate to the date of payment of the claim and the aforementioned expenses exceeds the proceeds received from an approved sale of the Property, in either case net of certain amounts paid or assumed to have been paid under the related Primary Mortgage Insurance Policy. If any Property securing a defaulted loan is damaged and proceeds, if any, from the related hazard insurance policy or the applicable special hazard insurance policy are insufficient to restore the damaged Property to a condition sufficient to permit recovery under the Pool Insurance Policy, the master servicer will not be required to expend its own funds to restore the damaged Property unless it determines that (i) the restoration will increase the proceeds to securityholders on liquidation of the loan after reimbursement of the master servicer for its expenses and (ii) the expenses will be recoverable by it through proceeds of the sale of the Property or proceeds of the related Pool Insurance Policy or any related Primary Mortgage Insurance Policy.

The applicable prospectus supplement may provide for a Pool Insurance Policy covering losses resulting from defaults, but if it does not, the Pool Insurance Policy will not insure (and many Primary Mortgage Insurance Policies do not insure) against loss sustained by reason of a default arising from, among other things,

- fraud or negligence in the origination or servicing of a loan, including misrepresentation by the borrower, the originator or persons involved in the origination thereof, or
- failure to construct a Property in accordance with plans and specifications.

A failure of coverage attributable to one of the foregoing events might result in a breach of the related seller's representations described above, and, might give rise to an obligation on the part of the related seller to repurchase the defaulted loan if the breach cannot be cured by the related seller. No Pool Insurance Policy will cover (and many Primary Mortgage Insurance Policies do not cover) a claim in respect of a defaulted loan occurring when the servicer of the loan, at the time of default or thereafter, was not approved by the applicable insurer.

The applicable prospectus supplement may provide for a Pool Insurance Policy featuring a fixed amount of coverage over the life of the policy, but if it does not, the original amount of coverage under each Pool Insurance Policy will be reduced over the life of the related securities by the aggregate dollar amount of claims paid less the aggregate of the net amounts realized by the Pool Insurer upon disposition of all foreclosed properties. The applicable prospectus supplement may provide for the exclusion of specified expenses from the coverage of the Pool Insurance Policy, but if it does not, the amount of claims paid will include certain expenses incurred by the master servicer as well as accrued interest on delinquent loans to the date of payment of the claim. Accordingly, if aggregate net claims paid under any Pool Insurance Policy reach the original policy limit, coverage under that Pool Insurance Policy will be exhausted and any further losses will be borne by the related securityholders.

Additionally, if specified in the related prospectus supplement, the master servicer will maintain or cause to be maintained, as the case may be, in full force and effect, a Primary Mortgage Insurance Policy with regard to each loan for which coverage is required and loans designated in the related prospectus supplement as insured by the FHA will be insured by the FHA as authorized under the United States Housing Act of 1937, as amended. See "The Agreements – Realization Upon Defaulted Loans" for a discussion of these types of insurance.

In general, the master servicer will require the mortgagor or obligor on each loan to maintain a hazard insurance policy providing for no less than the coverage of the standard form of fire insurance policy with extended coverage customary for the type of Property in the state in which the Property is located. See "The Agreements – Hazard Insurance" for a description of the coverage with respect to these policies.

Financial Instruments

If specified in the related prospectus supplement, the trust fund may include one or more interest rate or currency swap arrangements or similar financial instruments that are used to alter the payment characteristics of the mortgage loans or the securities issued by the trust fund and whose primary purpose is not to provide credit enhancement related to the assets in the trust fund or the securities issued by the trust fund. The primary purpose of a currency swap arrangement will be to convert payments to be made on the mortgage loans or the securities issued by the trust fund from one currency into another currency, and the primary purpose of an interest rate swap arrangement or other financial instrument will be one or more of the following:

- convert the payments on some or all of the mortgage loans from fixed to floating payments, or from floating to fixed, or from floating based on a particular interest rate index to floating based on another interest rate index;
- provide payments in the event that any interest rate index related to the mortgage loans or the securities issued by the trust rises above or falls below specified levels; or
- provide protection against interest rate changes.

If a trust fund includes financial instruments of this type, the instruments may be structured to be exempt from the registration requirements of the Securities Act. If applicable, a copy of any instrument for a series will be

filed with the SEC as an exhibit to a Current Report on Form 8-K to be filed with the SEC after the issuance of the securities of the related series.

Cross Support

If specified in the related prospectus supplement, the beneficial ownership of separate groups of assets included in a trust fund may be evidenced by separate classes of the related series of securities. Similarly, if specified in the related prospectus supplement, certain classes of notes may be supported by cash flow and related assets of separate group of assets from other classes of notes. In that case, credit support may be provided by a cross support feature that requires that distributions be made on securities evidencing a beneficial ownership interest in, or notes supported by, other asset groups within the same trust fund. The related prospectus supplement for a series that includes a cross support feature will describe the manner and conditions for applying the cross support feature.

If specified in the related prospectus supplement, the coverage provided by one or more forms of credit support may apply concurrently to two or more related groups of assets included in a trust fund. If applicable, the related prospectus supplement will identify the groups of assets in the trust fund to which the credit support relates and the manner of determining the amount of the coverage provided by it and of the application of the coverage to the identified groups of assets included in the trust fund.

Yield, Maturity and Prepayment Considerations

The yields to maturity and weighted average lives of the securities will be affected primarily by the amount and timing of principal payments received on or in respect of the Trust Fund Assets included in the related trust fund. The original terms to maturity of the loans in a given pool will vary depending upon the type of loans included therein. Each prospectus supplement will contain information with respect to the type and maturities of the loans in the related pool. The related prospectus supplement will specify the circumstances, if any, under which the related loans will be subject to prepayment charges. The prepayment experience on the loans in a pool will affect the weighted average life of the related series of securities.

Prepayments on Loans

The rate of prepayment on the loans cannot be predicted. Home equity loans and home improvement loan contracts have been originated in significant volume only during the past few years and the depositor is not aware of any publicly available studies or statistics on the rate of prepayment of the loans. Generally, home equity loans and home improvement loan contracts are not viewed by borrowers as permanent financing. Accordingly, the loans may experience a higher rate of prepayment than traditional first mortgage loans. On the other hand, because home equity loans such as the revolving credit line loans generally are not fully amortizing, the absence of voluntary borrower prepayments could cause rates of principal payments lower than, or similar to, those of traditional fully-amortizing first mortgage loans.

The prepayment experience of the related trust fund consisting of a pool of a pool of home equity mortgage loans or home improvement loan contracts may be affected by a wide variety of factors, including:

- general economic conditions,
- prevailing interest rate levels,
- the availability of alternative financing,
- homeowner mobility,
- the amounts of, and interest rates on, the underlying senior mortgage loans, and

- the use of first mortgage loans as long-term financing for home purchase and subordinate mortgage loans as shorter-term financing for a variety of purposes, including home improvement, education expenses and purchases of consumer durables such as automobiles.

Accordingly, the loans may experience a higher rate of prepayment than traditional fixed-rate mortgage loans. In addition, any future limitations on the right of borrowers to deduct interest payments on home equity loans for federal income tax purposes may further increase the rate of prepayments of the loans. The enforcement of a “due-on-sale” provision (as described below) will have the same effect as a prepayment of the related loan. See “Certain Legal Aspects of the Loans — Due-on-Sale Clauses.”

Collections on revolving credit line loans may vary because, among other things, borrowers may (i) make payments during any month as low as the minimum monthly payment for that month or, during the interest-only period for certain revolving credit line loans and, in more limited circumstances, closed-end loans, with respect to which an interest-only payment option has been selected, the interest and the fees and charges for that month or (ii) make payments as high as the entire outstanding principal balance plus accrued interest and the fees and charges thereon. It is possible that borrowers may fail to make the required periodic payments. In addition, collections on the loans may vary due to seasonal purchasing and the payment habits of borrowers.

Generally, all conventional loans will contain due-on-sale provisions permitting the mortgagee to accelerate the maturity of the loan upon sale or certain transfers by the borrower of the related Property. Loans insured by the FHA, and single family loans partially guaranteed by the VA, are assumable with the consent of the FHA and the VA, respectively. Thus, the rate of prepayments on the loans may be lower than that of conventional loans bearing comparable interest rates. The master servicer generally will enforce any due-on-sale or due-on-encumbrance clause, to the extent it has knowledge of the conveyance or further encumbrance or the proposed conveyance or proposed further encumbrance of the Property and reasonably believes that it is entitled to do so under applicable law; provided, however, that the master servicer will not take any enforcement action that would impair or threaten to impair any recovery under any related insurance policy. See “The Agreements — Collection Procedures” and “Certain Legal Aspects of the Loans” for a description of certain provisions of each Agreement and certain legal developments that may affect the prepayment experience on the loans.

The rate of prepayments with respect to conventional mortgage loans has fluctuated significantly in recent years. In general, with respect to fixed rate loans, if prevailing rates fall significantly below the Loan Rates borne by the loans, the loans are more likely to be subject to higher prepayment rates than if prevailing interest rates remain at or above the Loan Rates. Conversely, if prevailing interest rates rise appreciably above the Loan Rates borne by the fixed rate loans, the loans are more likely to experience a lower prepayment rate than if prevailing rates remain at or below the Loan Rates. However, we can give no assurance that either will occur. As is the case with fixed rate loans, adjustable rate loans may be subject to a greater rate of principal prepayments in a declining interest rate environment. For example, if prevailing interest rates fall significantly, adjustable rate loans could be subject to higher prepayment rates than if prevailing interest rates remain constant because the availability of fixed rate loans at lower interest rates may encourage mortgagors to refinance their adjustable rate loans to a lower fixed interest rate. Prepayments on the hybrid loans (loans which are fixed for a period and then convert to adjustable rate loans) may differ as they approach their respective initial adjustment dates, particularly those that require payments of interest only prior to their initial adjustment date. However, we can give no assurance that will occur. The actual rate of principal prepayments on the mortgage loans is influenced by a variety of economic, tax, geographic, demographic, social, legal and other factors and has fluctuated considerably in recent years. In addition, the rate of principal prepayments may differ among pools of mortgage loans at any time because of specific factors relating to the mortgage loans in the particular pool, including, among other things, the age of the mortgage loans, the geographic locations of the properties securing the loans, the extent of the mortgagor’s equity in the properties, and changes in the mortgagors’ housing needs, job transfers and employment status.

Prepayment Effect on Interest

When a full prepayment is made on a loan, the borrower is charged interest on the principal amount of the loan so prepaid only for the number of days in the month actually elapsed up to the date of the prepayment, rather than for a full month. The effect of prepayments in full will be to reduce the amount of interest passed through or

paid in the following month to holders of securities because interest on the principal amount of any loan so prepaid will generally be paid only to the date of prepayment. Partial prepayments in a given month may be applied to the outstanding principal balances of the loans so prepaid on the first day of the month of receipt or the month following receipt. In the latter case, partial prepayments will not reduce the amount of interest passed through or paid in that month. The applicable prospectus supplement may specify when prepayments are passed through to securityholders, but if it does not, neither full nor partial prepayments will be passed through or paid until the month following receipt.

If the rate at which interest is passed through or paid to the holders of securities of a series is calculated on a loan-by-loan basis, disproportionate principal prepayments among loans with different Loan Rates will affect the yield on the securities. In most cases, the effective yield to securityholders will be lower than the yield otherwise produced by the applicable Pass-Through Rate or interest rate and purchase price, because while interest will generally accrue on each loan from the first day of the month, the distribution of interest will not be made earlier than the month following the month of accrual.

Delays in Realization on Property; Expenses of Realization

Even assuming that the Properties provide adequate security for the loans, substantial delays could be encountered in connection with the liquidation of defaulted loans and corresponding delays in the receipt of related proceeds by securityholders could occur. An action to foreclose on a Property securing a loan is regulated by state statutes and rules and is subject to many of the delays and expenses of other lawsuits if defenses or counterclaims are interposed, sometimes requiring several years to complete. Furthermore, in some states an action to obtain a deficiency judgment is not permitted following a nonjudicial sale of a property. In the event of a default by a borrower, these restrictions among other things, may impede the ability of the master servicer to foreclose on or sell the Property or to obtain liquidation proceeds sufficient to repay all amounts due on the related loan. In addition, the master servicer will be entitled to deduct from related liquidation proceeds all expenses reasonably incurred in attempting to recover amounts due on defaulted loans and not yet repaid, including payments to senior lienholders, legal fees and costs of legal action, real estate taxes and maintenance and preservation expenses.

Liquidation expenses with respect to defaulted mortgage loans generally do not vary directly with the outstanding principal balance of the loan at the time of default. Therefore, assuming that a servicer took the same steps in realizing upon a defaulted mortgage loan having a small remaining principal balance as it would in the case of a defaulted mortgage loan having a large remaining principal balance, the amount realized after expenses of liquidation would be smaller as a percentage of the remaining principal balance of the small mortgage loan than would be the case with the other defaulted mortgage loan having a large remaining principal balance.

Applicable state laws generally regulate interest rates and other charges, require certain disclosures, and require licensing of certain originators and servicers of loans. In addition, most have other laws, public policy and general principles of equity relating to the protection of consumers, unfair and deceptive practices and practices which may apply to the origination, servicing and collection of the loans. Depending on the provisions of the applicable law and the specific facts and circumstances involved, violations of these laws, policies and principles may limit the ability of the master servicer to collect all or part of the principal of or interest on the loans, may entitle the borrower to a refund of amounts previously paid and, in addition, could subject the master servicer to damages and administrative sanctions.

Optional Purchase

Under certain circumstances, the master servicer, the holders of the residual interests in a REMIC or another person specified in the related prospectus supplement may have the option to purchase the assets of a trust fund thereby effecting earlier retirement of the related series of securities. See “The Agreements — Termination; Optional Termination”.

The relative contribution of the various factors affecting prepayment may vary from time to time. We can give no assurance as to the rate of payment of principal of the Trust Fund Assets at any time or over the lives of the securities.

Prepayment Standards or Models

Prepayments on loans can be measured relative to a prepayment standard or model. The prospectus supplement for a series of securities will describe the prepayment standard or model, if any, used and may contain tables setting forth the projected weighted average life of each class of securities of that series and the percentage of the original principal amount of each class of securities of that series that would be outstanding on specified distribution dates for that series based on the assumptions stated in the prospectus supplement, including assumptions that prepayments on the loans or underlying loans, as applicable, included in the related trust fund are made at rates corresponding to various percentages of the prepayment standard or model specified in the prospectus supplement.

We can give no assurance that prepayment of the loans or underlying loans, as applicable, included in the related trust fund will conform to any level of any prepayment standard or model specified in the related prospectus supplement. The rate of principal prepayments on pools of loans is influenced by a variety of economic, demographic, geographic, legal, tax, social and other factors.

Yield

The yield to an investor who purchases securities in the secondary market at a price other than par will vary from the anticipated yield if the rate of prepayment on the loans is actually different than the rate anticipated by the investor at the time the securities were purchased.

The prospectus supplement relating to a series of securities will discuss in greater detail the effect of the rate and timing of principal payments (including prepayments), delinquencies and losses on the yield, weighted average lives and maturities of the securities.

The Agreements

Set forth below is a description of the material provisions of each Agreement which are not described elsewhere in this prospectus. The description is subject to, and qualified in its entirety by reference to, the provisions of each Agreement. Where particular provisions or terms used in the Agreements are referred to, those provisions or terms are as specified in the Agreements.

Assignment of the Trust Fund Assets

Assignment of the Loans. At the time of issuance of the securities of a series, the depositor will cause the loans comprising the related trust fund to be assigned to the trustee (or trust, in the case of a series with both notes and certificates), without recourse, together with all principal and interest received by or on behalf of the depositor on or with respect to the loans after the cut-off date, other than principal and interest due on or before the cut-off date and other than any Retained Interest specified in the related prospectus supplement. In the case of a series with both notes and certificates, the trust will pledge these assets to the trustee for the benefit of the holders of the notes. The trustee (or trust, in the case of a series with both notes and certificates) will, concurrently with the assignment, deliver the related securities to the depositor in exchange for the loans. Each loan will be identified in a schedule appearing as an exhibit to the related Pooling and Servicing Agreement or Sale and Servicing Agreement, as applicable. The schedule will include information as to the outstanding principal balance of each loan after application of payments due on or before the cut-off date, as well as information regarding the Loan Rate or APR, the maturity of the loan, the Loan-to-Value Ratios or Combined Loan-to-Value Ratios, as applicable, at origination and certain other information.

In addition, the depositor will also deliver or cause to be delivered to the trustee (or to the custodian) for each single family loan, multifamily loan or home equity loan,

- the mortgage note or contract endorsed without recourse in blank or to the order of the trustee, except that the depositor may deliver or cause to be delivered a lost note affidavit together with a copy of the original note in lieu of any original mortgage note that has been lost,

- the mortgage, deed of trust or similar instrument (a “Mortgage”) with evidence of recording indicated thereon (except for any Mortgage not returned from the public recording office, in which case the depositor will deliver or cause to be delivered a copy of the Mortgage together with a certificate that the original of the Mortgage was delivered to the recording office),
- an assignment of the Mortgage to the trustee, which assignment will be in recordable form in the case of a Mortgage assignment, and
- any other security documents, including those relating to any senior interests in the Property, as may be specified in the related prospectus supplement or the related Pooling and Servicing Agreement or Sale and Servicing Agreement.

The applicable prospectus supplement may provide other arrangements for assuring the priority of assignments, but if it does not, the seller, the depositor or the trustee, as specified in the related Pooling and Servicing Agreement or Sale and Servicing Agreement, will promptly cause the assignments of the related loans to be recorded in the appropriate public office for real property records, except in states in which, in the opinion of counsel acceptable to the trustee, the recording is not required to protect the trustee’s or the certificateholder’s interest.

With respect to any loans that are cooperative loans, the depositor will cause to be delivered to the trustee the related original cooperative shares endorsed without recourse in blank or to the order of the trustee, the original security agreement, the proprietary lease or occupancy agreement, the recognition agreement, the relevant financing statements and any other document specified in the related prospectus supplement. The depositor will cause to be filed in the appropriate office an assignment and a financing statement evidencing the trustee’s security interest in each cooperative loan.

The applicable prospectus supplement may provide for the depositor’s delivery obligations in connection with home improvement loan contracts, but if it does not, the depositor will as to each home improvement loan contract, deliver or cause to be delivered to the trustee the original home improvement loan contract and copies of documents and instruments related to each home improvement contract and the security interest in the Property securing the home improvement loan contract. In general, it is expected that the home improvement loan contracts will not be stamped or otherwise marked to reflect their assignment to the trustee. Therefore, if, through negligence, fraud or otherwise, a subsequent purchaser were able to take physical possession of the home improvement loan contracts without notice of the assignment by the depositor, the interest of securityholders in the home improvement loan contracts could be defeated. See “Certain Legal Aspects of the Loans — The Home Improvement Loan Contracts.”

The trustee (or the custodian) will review the loan documents within the time period specified in the related prospectus supplement after receipt thereof, and the trustee will hold the documents in trust for the benefit of the related securityholders. Generally, if the document is found to be missing or defective in any material respect, the trustee (or the custodian) will notify the master servicer, the depositor, and the related seller. If the seller cannot cure the omission or defect within the time period specified in the related prospectus supplement after receipt of the notice, the seller will be obligated to either purchase the related loan from the trust fund at the Purchase Price or if so specified in the related prospectus supplement, remove the loan from the trust fund and substitute in its place one or more other loans that meet certain requirements set forth therein. We can give no assurance that a seller will fulfill this purchase or substitution obligation. Although the master servicer may be obligated to enforce the obligation to purchase the related loan to the extent described above under “Loan Program — Representations by Sellers; Repurchases,” neither the master servicer nor the depositor will be obligated to purchase or replace the loan if the seller defaults on its obligation, unless the breach also constitutes a breach of the representations or warranties of the master servicer or the depositor, as the case may be. The applicable prospectus supplement may provide other remedies, but if it does not, this obligation to cure, purchase or substitute constitutes the sole remedy available to the securityholders or the trustee for omission of, or a material defect in, a constituent document.

The trustee may be authorized to appoint a custodian pursuant to a custodial agreement to maintain possession of and, if applicable, to review the documents relating to the loans as agent of the trustee.

Notwithstanding the foregoing provisions, with respect to a trust fund for which one or more REMIC elections are to be made, no purchase or substitution of a loan will be made if the purchase or substitution would result in a prohibited transaction tax under the Code.

Although the depositor has expressed in the Agreement its intent to treat the conveyance of the loans as a sale, the depositor will also grant to the trustee (or trust, in the case of a series with both notes and certificates) a security interest in the loans. This security interest is intended to protect the interests of the securityholders if a bankruptcy court were to characterize the depositor's transfer of the loans as a borrowing by the depositor secured by a pledge of the loans as described under "Risk Factors – Bankruptcy or Insolvency May Affect The Timing And Amount Of Distributions On The Securities". In the event that a bankruptcy court did characterize the transaction as a borrowing by the depositor, that borrowing would be secured by the loans in which the depositor granted a security interest to the trustee (or trust, in the case of a series with both notes and certificates). The depositor has agreed to take those actions that are necessary to maintain the security interest granted to the trustee as a first priority, perfected security interest in the loans, including the filing of Uniform Commercial Code financing statements, if necessary.

Assignment of Agency Securities. The depositor will cause the Agency Securities to be registered in the name of the trustee or its nominee, and the trustee concurrently will execute, countersign and deliver the certificates. Each Agency Security will be identified in a schedule appearing as an exhibit to the pooling and servicing agreement, which will specify as to each Agency Security the original principal amount and outstanding principal balance as of the cut-off date, the annual pass-through rate and the maturity date.

Assignment of Non-Agency Mortgage-Backed Securities. The depositor will cause the Non-Agency Mortgage-Backed Securities to be registered in the name of the trustee. The trustee (or the custodian) will have possession of any certificated Non-Agency Mortgage-Backed Securities. Generally, the trustee will not be in possession of or be assignee of record of any underlying assets for a Non-Agency Mortgage-Backed Security. See "The Trust Fund – Non-Agency Mortgage-Backed Securities." Each Non-Agency Mortgage-Backed Security will be identified in a schedule appearing as an exhibit to the related pooling and servicing agreement which will specify the original principal amount, outstanding principal balance as of the cut-off date, annual pass-through rate or interest rate and maturity date and other specified pertinent information for each Non-Agency Mortgage-Backed Security conveyed to the trustee.

Payments On Loans; Deposits to Security Account

The master servicer will establish and maintain or cause to be established and maintained with respect to the related trust fund a separate account or accounts for the collection of payments on the related Trust Fund Assets in the trust fund (the "Security Account"). The applicable prospectus supplement may provide for other requirements for the Security Account, but if it does not, the Security Account must be either:

- an account or accounts maintained with a federal or state chartered depository institution or trust company the short-term unsecured debt obligations of which (or, in the case of a depository institution or trust company that is the principal subsidiary of a holding company, the debt obligations of such holding company) have the highest short-term ratings of Moody's or Fitch and one of the two highest short-term ratings of S&P, if S&P is a Rating Agency, at the time any amounts are held on deposit therein;
- an account or accounts in a depository institution or trust company the deposits in which are insured by the FDIC (to the limits established by the FDIC), and the uninsured deposits in which are otherwise secured such that, as evidenced by an opinion of counsel, the securityholders have a claim with respect to the funds in the security account or a perfected first priority security interest against any collateral securing the funds that is superior to the claims of any other depositors or general creditors of the depository institution with which the Security Account is maintained;
- a trust account or accounts maintained with the corporate 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; or

- an account or accounts otherwise acceptable to each Rating Agency.

The collateral eligible to secure amounts in the Security Account is limited to Permitted Investments. A Security Account may be maintained as an interest bearing account or the funds held therein may be invested pending each succeeding distribution date in Permitted Investments. To the extent provided in the related prospectus supplement, the master servicer or its designee will be entitled to direct the investment of the funds held in the Security Account and to receive any interest or other income earned on funds in the Security Account as additional compensation, and will be obligated to deposit in the Security Account the amount of any loss immediately as realized. The Security Account may be maintained with the master servicer or with a depository institution that is an affiliate of the master servicer, provided it meets the standards set forth above.

The master servicer will deposit or cause to be deposited in the Security Account for each trust fund, to the extent applicable and unless otherwise specified in the related Pooling and Servicing Agreement or Sale and Servicing Agreement, and the related prospectus supplement, the following payments and collections received or advances made by or on behalf of it subsequent to the cut-off date (other than payments due on or before the cut-off date and exclusive of any amounts representing any Retained Interest):

- all payments on account of principal, including Principal Prepayments and, if specified in the related prospectus supplement, any applicable prepayment charges, on the loans;
- all payments on account of interest on the loans, net of applicable servicing compensation;
- all proceeds (net of unreimbursed payments of property taxes, insurance premiums and similar items (“Insured Expenses”) incurred, and unreimbursed advances made, by the master servicer, if any) of the hazard insurance policies and any Primary Mortgage Insurance Policies, to the extent the proceeds are not applied to the restoration of the property or released to the mortgagor in accordance with the master servicer’s normal servicing procedures (collectively, “Insurance Proceeds”) and all other cash amounts (net of unreimbursed expenses incurred in connection with liquidation or foreclosure (“Liquidation Expenses”) and unreimbursed advances made, by the master servicer, if any) received and retained in connection with the liquidation of defaulted loans, by foreclosure or otherwise, together with any net proceeds received on a monthly basis with respect to any properties acquired on behalf of the securityholders by foreclosure or deed in lieu of foreclosure (“Liquidation Proceeds”) and any Subsequent Recoveries;
- all proceeds of any loan or property in respect thereof purchased by the master servicer, the depositor or any seller as described under “Loan Program — Representations by Sellers; Repurchases” or “— Assignment of Trust Fund Assets” above and all proceeds of any loan purchased as described under “— Termination; Optional Termination” below;
- all payments required to be deposited in the Security Account with respect to any deductible clause in any blanket insurance policy described under “— Hazard Insurance” below;
- any amount required to be deposited by the master servicer in connection with losses realized on investments for the benefit of the master servicer of funds held in the Security Account and, to the extent specified in the related prospectus supplement, any advances required to be made by the master servicer and any payments required to be made by the master servicer in connection with prepayment interest shortfalls; and
- all other amounts required to be deposited in the Security Account pursuant to the Agreement.

Unless otherwise specified in the related prospectus supplement the master servicer will make these deposits within two business days of receipt of the amounts.

Unless otherwise specified in the related prospectus supplement, the master servicer (or the depositor, as applicable) may from time to time direct the institution that maintains the Security Account to withdraw funds from the Security Account for the following purposes:

- to pay to the master servicer the master servicing fees (subject to reduction) described in the related prospectus supplement, and, as additional servicing compensation, earnings on or investment income with respect to funds in the amounts in the Security Account credited thereto, as well as any other additional servicing compensation specified in the related prospectus supplement;
- to reimburse the master servicer and the trustee for advances, which right of reimbursement with respect to any loan is limited to amounts received that represent late recoveries of payments of principal and/or interest on the loan (or Insurance Proceeds or Liquidation Proceeds with respect thereto) with respect to which the advance was made;
- to reimburse the master servicer and the trustee for any advances previously made which the master servicer has determined to be nonrecoverable;
- to reimburse the master servicer from Insurance Proceeds for expenses incurred by the master servicer and covered by the related insurance policies;
- to reimburse the master servicer for unpaid master servicing fees and unreimbursed out-of-pocket costs and expenses incurred by the master servicer in the performance of its servicing obligations, which right of reimbursement is limited to amounts received representing late recoveries of the payments for which the advances were made;
- to pay to the master servicer, the depositor or the applicable seller, with respect to each loan or property acquired in respect thereof that has been purchased by the master servicer or seller pursuant to the related Agreement, all amounts received after the purchase and not taken into account in determining the purchase price of the repurchased loan;
- to reimburse the master servicer, the depositor or other party specified in the related prospectus supplement for expenses incurred and reimbursable pursuant to the Agreement;
- to pay any lender-paid primary mortgage insurance premium;
- to withdraw any amount deposited in the Security Account and not required to be deposited therein; and
- to clear and terminate the Security Account upon termination of the Agreement.

In addition, the Agreement will generally provide that, on or prior to the business day immediately preceding each distribution date, the master servicer shall withdraw from the Security Account the amount of Available Funds and the trustee fee for the distribution date, to the extent on deposit, for deposit in an account maintained by the trustee for the related series of securities.

Unless otherwise specified in the related prospectus supplement, aside from the annual compliance review and servicing criteria assessment and accompanying accountants' attestation, there is no independent verification of the transaction accounts or the transaction activity. The master servicer is required to provide an annual certification to the effect that the master servicer has fulfilled its obligations under the related Pooling and Servicing Agreement or Sale and Servicing Agreement throughout the preceding year, as well as an annual assessment and an accompanying accountants' attestation as to its compliance with applicable servicing criteria. See " – Evidence as to Compliance."

Pre-Funding Account

If so provided in the related prospectus supplement, the trustee will establish and maintain an account (the “Pre-Funding Account”), in the name of the related trustee on behalf of the related securityholders, into which the seller or the depositor will deposit cash in an amount specified in the prospectus supplement (the “Pre-Funded Amount”) on the related closing date. The Pre-Funding Account will be maintained with the trustee for the related series of securities or with another eligible institution, and is designed solely to hold funds to be applied during the period from the closing date to a date not more than a year after the closing date (the “Funding Period”) to pay to the depositor the purchase price for loans purchased during the Funding Period (the “Subsequent Loans”). Monies on deposit in the Pre-Funding Account will not be available to cover losses on or in respect of the related loans. The Pre-Funded Amount will not exceed 50% of the initial aggregate principal amount of the certificates and notes of the related series. The Pre-Funded Amount will be used by the related trustee to purchase Subsequent Loans from the depositor from time to time during the Funding Period. The Funding Period, if any, for a trust fund will begin on the related closing date and will end on the date specified in the related prospectus supplement, which in no event will be later than the date that is one year after the related closing date. Monies on deposit in the Pre-Funding Account may be invested in Permitted Investments under the circumstances and in the manner described in the related prospectus supplement. Unless otherwise specified in the related prospectus supplement, earnings on investment of funds in the Pre-Funding Account will be deposited into the related Security Account or the other trust account as is specified in the related prospectus supplement and losses will be charged against the funds on deposit in the Pre-Funding Account. Any amounts remaining in the Pre-Funding Account at the end of the Funding Period will be distributed in the manner and priority specified in the related prospectus supplement.

In addition, if so provided in the related prospectus supplement, on the related closing date the depositor or the seller will deposit in an account (the “Capitalized Interest Account”) cash in the amount necessary to cover shortfalls in interest on the related series of securities that may arise as a result of utilization of the Pre-Funding Account as described above, or with respect to the related distributions dates, Countrywide Home Loans may deposit the amount of these shortfalls specified in the related prospectus supplement in to the related Security Account. The Capitalized Interest Account shall be maintained with the trustee for the related series of securities and is designed solely to cover the above-mentioned interest shortfalls. Neither the monies on deposit in the Capitalized Interest Account nor any amounts paid by Countrywide Home Loans will be available to cover losses on or in respect of the related loans. To the extent that the entire amount on deposit in the Capitalized Interest Account has not been applied to cover shortfalls in interest on the related series of securities by the end of the Funding Period, any amounts remaining in the Capitalized Interest Account will be paid to the depositor.

Investments in Amounts Held in Accounts

Unless otherwise specified in the related prospectus supplement, funds held in a Security Account, any Pre-Funding Account, any Capitalized Interest Account, any reserve fund or any other accounts that are part of the Trust Fund Assets, may be invested in “Permitted Investments” which may include one or more of the following:

- (i) obligations of the United States or any agency thereof, provided the obligations are backed by the full faith and credit of the United States;
- (ii) general obligations of or obligations guaranteed by any state of the United States or the District of Columbia receiving the highest long-term debt rating of each Rating Agency rating the related series of securities, or a lower rating that each Rating Agency has confirmed in writing is sufficient for the ratings originally assigned to the securities by each Rating Agency;
- (iii) commercial paper issued by Countrywide Home Loans or any of its affiliates; provided that the commercial paper is rated no lower than the rating specified in the related prospectus supplement;
- (iv) commercial or finance company paper which is then receiving the highest commercial or finance company paper rating of each Rating Agency, or such lower rating as each Rating Agency has confirmed in writing is sufficient for the ratings originally assigned to the related securities by each Rating Agency;

(v) certificates of deposit, demand or time deposits, or bankers' acceptances issued by any depository institution or trust company incorporated under the laws of the United States or of any state thereof and subject to supervision and examination by federal and/or state banking authorities, provided that the commercial paper and/or long term unsecured debt obligations of the depository institution or trust company (or in the case of the principal depository institution in a holding company system, the commercial paper or long-term unsecured debt obligations of the holding company, but only if Moody's Investors Service, Inc. ("Moody's") is not a Rating Agency) are then rated one of the two highest long-term and the highest short-term ratings of each Rating Agency for the securities, or such lower ratings as each Rating Agency has confirmed in writing is sufficient for the ratings originally assigned to the related securities by any Rating Agency;

(vi) demand or time deposits or certificates of deposit issued by any bank or trust company or savings institution to the extent that the deposits are fully insured by the FDIC;

(vii) guaranteed reinvestment agreements issued by any bank, insurance company or other corporation containing, at the time of the issuance of the agreements, the terms and conditions as each Rating Agency has confirmed in writing is sufficient for the ratings originally assigned to the related securities by any Rating Agency;

(viii) repurchase obligations with respect to any security described in clauses (i) and (ii) above, in either case entered into with a depository institution or trust company (acting as principal) described in clause (v) above;

(ix) securities (other than stripped bonds, stripped coupons or instruments sold at a purchase price in excess of 115% of the face amount thereof) bearing interest or sold at a discount issued by any corporation incorporated under the laws of the United States or any state thereof which, at the time of the investment, have one of the two highest ratings of each Rating Agency (except if the Rating Agency is Moody's, the rating shall be the highest commercial paper rating of Moody's for any of those securities), or such lower rating as each Rating Agency has confirmed in writing is sufficient for the ratings originally assigned to the related securities by any Rating Agency, as evidenced by a signed writing delivered by each Rating Agency;

(x) interests in any money market fund which at the date of acquisition of the interests in the fund and throughout the time the interests are held in the fund has the highest applicable rating by each Rating Agency or such lower rating as each Rating Agency has confirmed in writing is sufficient for the ratings originally assigned to the related securities by each Rating Agency;

(xi) short term investment funds sponsored by any trust company or national banking association incorporated under the laws of the United States or any state thereof which on the date of acquisition has been rated by each Rating Agency in their respective highest applicable rating category or a lower rating that each Rating Agency has confirmed in writing is sufficient for the ratings originally assigned to those securities by each Rating Agency; and

(xii) other investments that have a specified stated maturity and bearing interest or sold at a discount acceptable to each Rating Agency as will not result in the downgrading or withdrawal of the rating then assigned to the related securities by any Rating Agency, as evidenced by a signed writing delivered by each Rating Agency; provided that none of those investments shall be a Permitted Investment if the investments evidences the right to receive interest only payments with respect to the obligations underlying the investment; and provided, further, that no investment specified in clause (x) or clause (xi) above shall be a Permitted Investment for any pre-funding account or any related Capitalized Interest Account.

If a letter of credit is deposited with the trustee, that letter of credit will be irrevocable and will name the trustee, in its capacity as trustee for the holders of the securities, as beneficiary and will be issued by an entity acceptable to each Rating Agency that rates the securities of the related series. Additional information with respect to the instruments deposited in the accounts will be set forth in the related prospectus supplement.

Unless otherwise specified in the related prospectus supplement, the Permitted Investments will be held in the name of the trustee for the benefit of the securityholders and may not mature later than:

- in the case of a Security Account, the second business day next preceding the date on which funds must be transferred to the trustee in each month (except that if the Permitted Investment is an obligation of the institution that maintains the Security Account, then the Permitted Investment may not mature later than the business day next preceding that date) and may not be sold or disposed of prior to its maturity; and
- in the case of the any other account, the business day immediately preceding the first distribution date that follows the date of the investment (except that if the Permitted Investment is an obligation of the institution that maintains the account, then the Permitted Investment may mature not later than the related distribution date) and may not be sold or disposed of prior to its maturity.

Sub-Servicing by Sellers

Each seller of a loan or any other servicing entity may act as the sub-servicer for the loan pursuant to a sub-servicing agreement, which will not contain any terms inconsistent with the related Agreement. Notwithstanding any subservicing arrangement, unless otherwise provided in the related prospectus supplement, the master servicer will remain liable for its servicing duties and obligations under the related Agreement as if the master servicer alone were servicing the loans.

Collection Procedures

The master servicer, directly or through one or more sub-servicers, will make reasonable efforts to collect all payments called for under the loans and will, consistent with each Agreement and any mortgage insurance policy required to be maintained under the related Agreement, follow collection procedures that are customary with respect to loans that are comparable to the loans. Consistent with the above, the master servicer may, in its discretion, waive any assumption fee, late payment or other charge in connection with a loan and to the extent not inconsistent with the coverage of the loan by a any mortgage insurance policy required to be maintained under the related Agreement, if applicable, arrange with a borrower a schedule for the liquidation of delinquencies running for no more than 270 days after the applicable due date for each payment. To the extent the master servicer is obligated to make or cause to be made advances, the obligation will remain during any period of that arrangement.

The applicable prospectus supplement may provide for other alternatives regarding due-on-sale clause, but if it does not, in any case in which property securing a loan has been, or is about to be, conveyed by the mortgagor or obligor, the master servicer will, to the extent it has knowledge of the conveyance or proposed conveyance, exercise or cause to be exercised its rights to accelerate the maturity of the loan under any due-on-sale clause applicable thereto, but only if the exercise of the rights is permitted by applicable law and will not impair or threaten to impair any recovery under any mortgage insurance policy required to be maintained under the related Agreement. If these conditions are not met or if the master servicer reasonably believes it is unable under applicable law to enforce the due-on-sale clause or if coverage under any required mortgage insurance policy would be adversely affected, the master servicer will enter into or cause to be entered into an assumption and modification agreement with the person to whom the property has been or is about to be conveyed, pursuant to which the person becomes liable for repayment of the loan and, to the extent permitted by applicable law, the mortgagor remains liable thereon. Any fee collected by or on behalf of the master servicer for entering into an assumption agreement will be retained by or on behalf of the master servicer as additional servicing compensation. See “Certain Legal Aspects of the Loans — Due-on-Sale Clauses”. In connection with any assumption, the terms of the related loan may not be changed.

With respect to cooperative loans, any prospective purchaser will generally have to obtain the approval of the board of directors of the relevant cooperative before purchasing the shares and acquiring rights under the related proprietary lease or occupancy agreement. See “Certain Legal Aspects of the Loans”. This approval is usually based on the purchaser’s income and net worth and numerous other factors. Although the cooperative’s approval is unlikely to be unreasonably withheld or delayed, the necessity of acquiring approval could limit the number of

potential purchasers for those shares and otherwise limit the trust fund's ability to sell and realize the value of those shares.

In general a "tenant-stockholder" (as defined in Code Section 216(b)(2)) of a corporation that qualifies as a "cooperative housing corporation" within the meaning of Code Section 216(b)(1) is allowed a deduction for amounts paid or accrued within his taxable year to the corporation representing his proportionate share of certain interest expenses and certain real estate taxes allowable as a deduction under Code Section 216(a) to the corporation under Code Sections 163 and 164. In order for a corporation to qualify under Code Section 216(b)(1) for its taxable year in which those items are allowable as a deduction to the corporation, that Section requires, among other things, that at least 80% of the gross income of the corporation be derived from its tenant-stockholders (as defined in Code Section 216(b)(2)). By virtue of this requirement, the status of a corporation for purposes of Code Section 216(b)(1) must be determined on a year-to-year basis. Consequently, we can give no assurance that cooperatives relating to the cooperative loans will qualify under that Section for any particular year. In the event that a cooperative fails to qualify for one or more years, the value of the collateral securing any related cooperative loans could be significantly impaired because no deduction would be allowable to tenant-stockholders under Code Section 216(a) with respect to those years. In view of the significance of the tax benefits accorded tenant-stockholders of a corporation that qualifies under Code Section 216(b)(1), the likelihood that a failure to qualify would be permitted to continue over a period of years appears remote.

Hazard Insurance

In general, the master servicer will require the mortgagor or obligor on each loan to maintain a hazard insurance policy providing coverage in an amount that is at least equal to the lesser of:

- the maximum insurable value of the improvements securing the loan or
- the greater of
 - (1) the outstanding principal balance of the loan; and
 - (2) an amount such that the proceeds of the policy shall be sufficient to prevent the mortgagor and/or the mortgagee from becoming a co-insurer.

All amounts collected by the master servicer under any hazard policy (except for amounts to be applied to the restoration or repair of the Property or released to the mortgagor or obligor in accordance with the master servicer's normal servicing procedures) will be deposited in the related Security Account. In the event that the master servicer maintains a blanket policy insuring against hazard losses on all the loans comprising part of a trust fund, it will conclusively be deemed to have satisfied its obligation relating to the maintenance of hazard insurance. The blanket policy may contain a deductible clause, in which case the master servicer will be required to deposit from its own funds into the related Security Account the amounts which would have been deposited therein but for that clause.

In general, the standard form of fire and extended coverage policy covers physical damage to or destruction of the improvements securing a loan by fire, lightning, explosion, smoke, windstorm and hail, riot, strike and civil commotion, subject to the conditions and exclusions particularized in each policy. Although the policies relating to the loans may have been underwritten by different insurers under different state laws in accordance with different applicable forms and therefore may not contain identical terms and conditions, the basic terms thereof are dictated by respective state laws, and most policies typically do not cover any physical damage resulting from the following: war, revolution, governmental actions, floods and other water-related causes, earth movement (including earthquakes, landslides and mud flows), nuclear reactions, wet or dry rot, vermin, rodents, insects or domestic animals, theft and, in certain cases, vandalism and hurricanes. The foregoing list is merely indicative of certain kinds of uninsured risks and is not intended to be all inclusive. If the Property securing a loan is located in a federally designated special flood area at the time of origination, the master servicer will require the mortgagor or obligor to obtain and maintain flood insurance.

The hazard insurance policies covering properties securing the loans typically contain a clause which in effect requires the insured at all time to carry insurance of a specified percentage (generally 80% to 90%) of the full replacement value of the insured property in order to recover the full amount of any partial loss. If the insured's coverage falls below this specified percentage, then the insurer's liability in the event of partial loss will not exceed the larger of

- the actual cash value (generally defined as replacement cost at the time and place of loss, less physical depreciation) of the improvements damaged or destroyed and
- the proportion of the loss as the amount of insurance carried bears to the specified percentage of the full replacement cost of the improvements.

Since the amount of hazard insurance the master servicer may cause to be maintained on the improvements securing the loans declines as the principal balances owing thereon decrease, and since improved real estate generally has appreciated in value over time in the past, the effect of this requirement in the event of partial loss may be that hazard insurance proceeds will be insufficient to restore fully the damaged property. If specified in the related prospectus supplement, a special hazard insurance policy will be obtained to insure against certain of the uninsured risks described above. See "Credit Enhancement".

The master servicer will not require that a standard hazard or flood insurance policy be maintained on the cooperative dwelling relating to any cooperative loan. Generally, the cooperative itself is responsible for maintenance of hazard insurance for the property owned by the cooperative and the tenant-stockholders of that cooperative do not maintain individual hazard insurance policies. To the extent, however, that a cooperative and the related borrower on a cooperative loan do not maintain that insurance or do not maintain adequate coverage or any insurance proceeds are not applied to the restoration of damaged property, any damage to the borrower's cooperative dwelling or the cooperative's building could significantly reduce the value of the collateral securing the cooperative loan to the extent not covered by other credit support.

If the Property securing a defaulted loan is damaged and proceeds, if any, from the related hazard insurance policy are insufficient to restore the damaged Property, the master servicer is not required to expend its own funds to restore the damaged Property unless it determines (i) that the restoration will increase the proceeds to securityholders on liquidation of the loan after reimbursement of the master servicer for its expenses and (ii) that the expenses will be recoverable by it from related Insurance Proceeds, Liquidation Proceeds or Subsequent Recoveries.

If recovery on a defaulted loan under any related Insurance Policy is not available for the reasons set forth in the preceding paragraph, or if the defaulted loan is not covered by an Insurance Policy, the master servicer will be obligated to follow or cause to be followed those normal practices and procedures as it deems necessary or advisable to realize upon the defaulted loan. If the proceeds of any liquidation of the Property securing the defaulted loan are less than the principal balance of the loan plus interest accrued thereon that is payable to securityholders, the trust fund will realize a loss in the amount of the difference plus the aggregate of expenses incurred by the master servicer in connection with the proceedings and which are reimbursable under the Agreement. In the unlikely event that those proceedings result in a total recovery which is, after reimbursement to the master servicer of its expenses, in excess of the principal balance of the loan plus interest accrued thereon that is payable to securityholders, the master servicer will be entitled to withdraw or retain from the Security Account amounts representing its normal servicing compensation with respect to the loan and amounts representing the balance of the excess, exclusive of any amount required by law to be forwarded to the related borrower, as additional servicing compensation.

If the master servicer or its designee recovers Insurance Proceeds which, when added to any related Liquidation Proceeds and after deduction of certain expenses reimbursable to the master servicer, exceed the principal balance of the loan plus interest accrued thereon that is payable to securityholders, the master servicer will be entitled to withdraw or retain from the Security Account amounts representing its normal servicing compensation with respect to the loan. In the event that the master servicer has expended its own funds to restore the damaged Property and the funds have not been reimbursed under the related hazard insurance policy, it will be entitled to withdraw from the Security Account out of related Liquidation Proceeds or Insurance Proceeds an amount equal to the expenses incurred by it, in which event the trust fund may realize a loss up to the amount so charged. Since

Insurance Proceeds cannot exceed deficiency claims and certain expenses incurred by the master servicer, that payment or recovery will not result in a recovery to the trust fund which exceeds the principal balance of the defaulted loan together with accrued interest thereon. See “Credit Enhancement”.

Application of Liquidation Proceeds

The proceeds from any liquidation of a loan will be applied in the following order of priority:

- to reimburse the master servicer for any unreimbursed expenses incurred by it to restore the related Property and any unreimbursed servicing compensation payable to the master servicer with respect to the loan;
- to reimburse the master servicer and trustee for any unreimbursed advances with respect to the loan;
- to accrued and unpaid interest (to the extent no advance has been made for that amount or the advance has been reimbursed) on the loan; and
- as a recovery of principal of the loan.

Unless otherwise specified in the related prospectus supplement, excess proceeds from the liquidation of a loan will be retained by the master servicer as additional servicing compensation.

If specified in the related prospectus supplement, if, after final liquidation of a mortgage loan, the master servicer receives a recovery specifically related to that mortgage loan, the recovery (net of any reimbursable expenses) will be distributed to the securityholders in the manner specified in the related prospectus supplement. In addition, the principal balance of each class of securities to which realized losses have been allocated, will be increased, sequentially in the order of payment priority, to the extent that such subsequent recoveries are distributed as principal to any class of securities. However, the principal balance of the class of securities will not be increased by more than the amount of realized losses previously applied to reduce the principal balance of each the class of securities. Holders of securities whose class principal balance is increased in this manner will not be entitled to interest on the increased balance for any interest accrual period preceding the Distribution Date on which the increase occurs.

Realization Upon Defaulted Loans

Primary Mortgage Insurance Policies. If so specified in the related prospectus supplement, the master servicer will maintain or cause to be maintained, as the case may be, in full force and effect, a Primary Mortgage Insurance Policy with regard to each loan for which the coverage is required. Primary Mortgage Insurance Policies reimburse certain losses sustained by reason of defaults in payments by borrowers. The master servicer will not cancel or refuse to renew any Primary Mortgage Insurance Policy in effect at the time of the initial issuance of a series of securities that is required to be kept in force under the applicable Agreement unless the replacement Primary Mortgage Insurance Policy for the cancelled or nonrenewed policy is maintained with an insurer whose claims-paying ability is sufficient to maintain the current rating of the classes of securities of the series that have been rated.

Although the terms of primary mortgage insurance vary, the amount of a claim for benefits under a Primary Mortgage Insurance Policy covering a loan will consist of the insured percentage of the unpaid principal amount of the covered loan and accrued and unpaid interest on it and reimbursement of certain expenses, less all rents or other payments collected or received by the insured (other than the proceeds of hazard insurance) that are derived from or in any way related to the Property, hazard insurance proceeds in excess of the amount required to restore the Property and which have not been applied to the payment of the mortgage loan, amounts expended but not approved by the issuer of the related Primary Mortgage Insurance Policy, claim payments previously made by the primary insurer and unpaid premiums.

Primary Mortgage Insurance Policies reimburse certain losses sustained from defaults in payments by borrowers. Primary Mortgage Insurance Policies will not insure against, and exclude from coverage, a loss sustained from a default arising from or involving certain matters, including fraud or negligence in origination or servicing of the loans, including misrepresentation by the originator, mortgagor, obligor or other persons involved in the origination of the loan; failure to construct the Property subject to the mortgage loan in accordance with specified plans; physical damage to the Property; and the related sub-servicer not being approved as a servicer by the primary insurer.

As conditions precedent to the filing of or payment of a claim under a Primary Mortgage Insurance Policy covering a loan, the insured will generally be required to

- advance or discharge all hazard insurance policy premiums and as necessary and approved in advance by the primary insurer, real estate property taxes, all expenses required to maintain the related Property in at least as good a condition as existed at the effective date of the Primary Mortgage Insurance Policy, ordinary wear and tear excepted, Property sales expenses, any specified outstanding liens on the Property and foreclosure costs, including court costs and reasonable attorneys' fees;
- upon any physical loss or damage to the Property, have the Property restored and repaired to at least as good a condition as existed at the effective date of the Primary Mortgage Insurance Policy, ordinary wear and tear excepted; and
- tender to the primary insurer good and merchantable title to and possession of the Property.

The master servicer, on behalf of itself, the trustee and the certificateholders, will present claims to the insurer under each primary mortgage insurance policy, and will take any reasonable steps consistent with its practices regarding comparable mortgage loans and necessary to receive payment or to permit recovery under the policy with respect to defaulted mortgage loans.

FHA Insurance; VA Guaranties. Loans designated in the related prospectus supplement as insured by the FHA will be insured by the FHA as authorized under the United States Housing Act of 1937, as amended. In addition to the Title I Program of the FHA, see "Certain Legal Aspects of the Loans — Title I Program", certain loans will be insured under various FHA programs including the standard FHA 203 (b) program to finance the acquisition of one- to four-family housing units and the FHA 245 graduated payment mortgage program. These programs generally limit the principal amount and interest rates of the mortgage loans insured. Loans insured by FHA generally require a minimum down payment of approximately 5% of the original principal amount of the loan. No FHA-insured loans relating to a series may have an interest rate or original principal amount exceeding the applicable FHA limits at the time of origination of the loan.

The insurance premiums for loans insured by the FHA are collected by lenders approved by the HUD or by the master servicer or any sub-servicers and are paid to the FHA. The regulations governing FHA single-family mortgage insurance programs provide that insurance benefits are payable either upon foreclosure (or other acquisition of possession) and conveyance of the mortgaged premises to HUD or upon assignment of the defaulted loan to HUD. With respect to a defaulted FHA-insured loan, the master servicer or any sub-servicer is limited in its ability to initiate foreclosure proceedings. When it is determined, either by the master servicer or any sub-servicer or HUD, that default was caused by circumstances beyond the mortgagor's control, the master servicer or any sub-servicer is expected to make an effort to avoid foreclosure by entering, if feasible, into one of a number of available forms of forbearance plans with the mortgagor. These plans may involve the reduction or suspension of regular loan payments for a specified period, with the payments to be made up on or before the maturity date of the loan, or the recasting of payments due under the loan up to or beyond the maturity date. In addition, when a default caused by circumstances beyond the mortgagor's control is accompanied by certain other criteria, HUD may provide relief by making payments to the master servicer or any sub-servicer in partial or full satisfaction of amounts due under the loan (which payments are to be repaid by the mortgagor to HUD) or by accepting assignment of the loan from the master servicer or any sub-servicer. With certain exceptions, at least three full monthly installments must be due and unpaid under the loan and HUD must have rejected any request for relief from the mortgagor before the master servicer or any sub-servicer may initiate foreclosure proceedings.

HUD has the option, in most cases, to pay insurance claims in cash or in debentures issued by HUD. Currently, claims are being paid in cash, and claims have not been paid in debentures since 1965. HUD debentures issued in satisfaction of FHA insurance claims bear interest at the applicable HUD debentures interest rate. The master servicer of any sub-servicer of each FHA-insured mortgage loan will be obligated to purchase the debenture issued in satisfaction of the loan upon default for an amount equal to the principal amount of the debenture.

The amount of insurance benefits generally paid by the FHA is equal to the entire unpaid principal amount of the defaulted loan adjusted to reimburse the master servicer or sub-servicer for certain costs and expenses and to deduct certain amounts received or retained by the master servicer or sub-servicer after default. When entitlement to insurance benefits results from foreclosure (or other acquisition of possession) and conveyance to HUD, the master servicer or sub-servicer is compensated for no more than two-thirds of its foreclosure costs, and is compensated for accrued and unpaid interest but in general only to the extent it was allowed pursuant to a forbearance plan approved by HUD. When entitlement to insurance benefits results from assignment of the loan to HUD, the insurance payment includes full compensation for interest accrued and unpaid to the assignment date. The insurance payment itself, upon foreclosure of an FHA-insured mortgage loan, bears interest from a date 30 days after the mortgagor's first uncorrected failure to perform any obligation to make any payment due under the loan and, upon assignment, from the date of assignment to the date of payment of the claim, in each case at the same interest rate as the applicable HUD debenture interest rate as described above.

Loans designated in the related prospectus supplement as guaranteed by the VA will be partially guaranteed by the VA under the Serviceman's Readjustment Act of 1944, as amended (a "VA Guaranty"). The Serviceman's Readjustment Act of 1944, as amended, permits a veteran (or in certain instances the spouse of a veteran) to obtain a mortgage loan guaranty by the VA covering mortgage financing of the purchase of a one- to four-family dwelling unit at interest rates permitted by the VA. The program has no mortgage loan limits, requires no down payment from the purchaser and permits the guaranty of mortgage loans of up to 30 years' duration. However, no loan guaranteed by the VA will have an original principal amount greater than five times the partial VA guaranty for the loan. The maximum guaranty that may be issued by the VA under a VA guaranteed mortgage loan depends upon the original principal amount of the mortgage loan, as further described in 38 United States Code Section 1803(a), as amended.

The liability on the guaranty may be reduced or increased pro rata with any reduction or increase in the amount of indebtedness, but in no event will the amount payable on the guaranty exceed the amount of the original guaranty. The VA, at its option and without regard to the guaranty, may make full payment to a mortgage holder of unsatisfied indebtedness on a loan upon its assignment to the VA.

With respect to a defaulted VA guaranteed loan, the master servicer or sub-servicer is, absent exceptional circumstances, authorized to announce its intention to foreclose only when the default has continued for three months. Generally, a claim for the guaranty is submitted after liquidation of the mortgaged property.

The amount payable under the guaranty will be the percentage of the VA-insured loan originally guaranteed applied to indebtedness outstanding as of the applicable date of computation specified in the VA regulations. Payments under the guaranty will be equal to the unpaid principal amount of the loan, interest accrued on the unpaid balance of the loan to the appropriate date of computation and limited expenses of the mortgagee, but in each case only to the extent that the amounts have not been recovered through liquidation of the mortgaged property.

Servicing and Other Compensation and Payment of Expenses

The principal servicing compensation to be paid to the master servicer in respect of its master servicing activities for each series of securities will be equal to the percentage per annum described in the related prospectus supplement (which may vary under certain circumstances) of the outstanding principal balance of each loan, and that compensation will be retained by it from collections of interest on the loan in the related trust fund (the "Master Servicing Fee"). As compensation for its servicing duties, a sub-servicer or, if there is no sub-servicer, the master servicer will be entitled to a monthly servicing fee as described in the related prospectus supplement. In addition, generally, the master servicer or sub-servicer will retain all prepayment charges, assumption fees and late payment

charges, to the extent collected from borrowers, and any benefit that may accrue as a result of the investment of funds in the applicable Security Account.

The master servicer will, to the extent permitted in the related Pooling and Servicing Agreement or Sale and Servicing Agreement, pay or cause to be paid certain ongoing expenses associated with each trust fund and incurred by it in connection with its responsibilities under the related Agreement, including, without limitation, payment of any fee or other amount payable in respect of any credit enhancement arrangements, payment of the fees and disbursements of the trustee, unless otherwise specified in the related prospectus supplement, any custodian appointed by the trustee, the certificate registrar and any paying agent, and payment of expenses incurred in enforcing the obligations of sub-servicers and sellers. The master servicer will be entitled to reimbursement of expenses incurred in enforcing the obligations of sub-servicers and sellers under certain limited circumstances. In addition, as indicated in the preceding section, the master servicer will be entitled to reimbursement for certain expenses incurred by it in connection with any defaulted loan as to which it has determined that all recoverable Liquidation Proceeds and Insurance Proceeds have been received and in connection with the restoration of Properties, the right of reimbursement being before the rights of holders of the securities to receive any related Liquidation Proceeds (including Insurance Proceeds).

Evidence as to Compliance

Each Agreement will provide for delivery to the depositor and the trustee, on or before a specified date in each year, of an annual statement signed by an authorized officer of the master servicer to the effect that the master servicer has fulfilled its obligations under the Agreement throughout the preceding year.

Each Agreement will also provide for delivery to the depositor, the master servicer and the trustee, on or before a specified date in each year, of an annual servicing assessment report from each party performing servicing functions with respect to the related series, including any servicer that services 5% or more of the Trust Fund Assets. In each assessment report, the party providing the report must include an assessment of its compliance with the servicing criteria during the previous fiscal year, and disclose any material noncompliance with the applicable servicing criteria. The servicing criteria are divided generally into four categories:

- general servicing considerations;
- cash collection and administration;
- investor remittances and reporting; and
- pool asset administration.

Each servicing assessment report is required to be accompanied by attestation report provided by a public registered accounting firm. The attestation report must contain an opinion of the registered public accounting firm as to whether the related servicing criteria assessment was fairly stated in all material respects, or a statement that the firm cannot express that opinion. The attestation examination must be made in accordance with the attestation engagement standards issued or adopted by the Public Company Accounting Oversight Board.

Copies of the annual servicing compliance statement, the servicing criteria assessment report and related accountants attestations and the annual accountants' statement (if any) may be obtained by securityholders of the related series without charge upon written request to the master servicer at the address set forth in the related prospectus supplement.

Certain Matters Regarding the Master Servicer and the Depositor

The master servicer under each Pooling and Servicing Agreement or Sale and Servicing Agreement, as applicable, will be named in the related prospectus supplement. The entity serving as master servicer may have normal business relationships with the depositor or the depositor's affiliates.

Each Agreement will provide that the master servicer may not resign from its obligations and duties under the Agreement except upon a determination that its duties thereunder are no longer permissible under applicable law or upon appointment of a successor servicer acceptable to the trustee and with written confirmation from each Ratings Agency that such resignation and appointment would not result in a downgrade or withdrawal of the ratings of any of the securities. The master servicer may, however, be removed from its obligations and duties as set forth in the Agreement. No resignation will become effective until the trustee or a successor servicer has assumed the master servicer's obligations and duties under the Agreement.

Each Agreement will further provide that neither the master servicer, the depositor nor any director, officer, employee, or agent of the master servicer or the depositor will be under any liability to the trustee, the related trust fund or securityholders for any action taken or for refraining from the taking of any action in good faith pursuant to the Agreement, or for errors in judgment; provided, however, that neither the master servicer, the depositor nor any person will be protected against any breach of a representation and warranty, any liability which would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence in the performance of duties thereunder or by reason of reckless disregard of obligations and duties thereunder. Each Agreement will further provide that the master servicer, the depositor and any director, officer, employee or agent of the master servicer or the depositor will be entitled to indemnification by the related trust fund and will be held harmless against any loss, liability or expense incurred in connection with any audit, controversy or judicial proceeding relating to a governmental taxing authority or any legal action relating to the Agreement or the securities, other than any loss, liability or expense related to any specific loan or loans (except any loss, liability or expense otherwise reimbursable pursuant to the Agreement) and any loss, liability or expense incurred by reason of willful misfeasance, bad faith or gross negligence in the performance of duties thereunder or by reason of reckless disregard of obligations and duties thereunder. In addition, each Agreement will provide that neither the master servicer nor the depositor will be under any obligation to appear in, prosecute or defend any legal action which is not incidental to its respective responsibilities under the Agreement and which in its opinion may involve it in any expense or liability. The master servicer or the depositor may, however, in its discretion undertake any action which it may deem necessary or desirable with respect to the Agreement and the rights and duties of the parties thereto and the interests of the trustee and the securityholders thereunder. In that event, the legal expenses and costs of the action and any liability resulting therefrom will be expenses, costs and liabilities of the trust fund and the master servicer or the depositor, as the case may be, will be entitled to be reimbursed therefor out of funds otherwise distributable to securityholders.

In general, any person into which the master servicer may be merged or consolidated, or any person resulting from any merger or consolidation to which the master servicer is a party, or any person succeeding to the business of the master servicer, will be the successor of the master servicer under each Agreement, provided that that person is qualified to sell mortgage loans to, and service mortgage loans on behalf of, Fannie Mae or Freddie Mac.

Events of Default; Rights Upon Event of Default

Pooling and Servicing Agreement; Sale and Servicing Agreement. The applicable prospectus supplement may provide for other Events of Default under any Pooling and Servicing Agreement or Sale and Servicing Agreement, but if it does not, the Events of Default will consist of

- any failure by the master servicer to deposit in a Security Account or remit to the trustee any payment which continues unremedied for five days after the giving of written notice of the failure to the master servicer by the trustee or the depositor, or to the master servicer, the depositor and the trustee by the holders of securities of that class evidencing not less than 25% of the total distributions allocated to the class ("percentage interests");
- any failure by the master servicer to observe or perform in any material respect any of its other covenants or agreements in the Agreement which continues unremedied for sixty days after the giving of written notice of the failure to the master servicer by the trustee or the depositor, or to the master servicer, the depositor and the trustee by the holders of securities of any class evidencing not less than 25% of the aggregate percentage interests constituting that class; and

- certain events of insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceeding and certain actions by or on behalf of the master servicer indicating its insolvency, reorganization or inability to pay its obligations.

If specified in the related prospectus supplement, the Agreement will permit the trustee to sell the Trust Fund Assets and the other assets of the trust fund described under “Credit Enhancement” herein in the event that payments on them are insufficient to make payments required in the Agreement. The assets of the trust fund will be sold only under the circumstances and in the manner specified in the related prospectus supplement.

The applicable prospectus supplement may provide for steps required to be taken if an Event of Default remains unremedied, but if it does not, so long as an Event of Default under an Agreement remains unremedied, the trustee may, and at the direction of holders of securities of any class evidencing not less than 25% of the aggregate percentage interests constituting that class and under those circumstances as may be specified in the Agreement, the trustee shall terminate all of the rights and obligations of the master servicer under the Agreement relating to the trust fund and in and to the related Trust Fund Assets, whereupon the trustee will succeed to all of the responsibilities, duties and liabilities of the master servicer under the Agreement, including, if specified in the related prospectus supplement, the obligation to make advances, and will be entitled to similar compensation arrangements. After the master servicer has received notice of termination, the trustee may execute and deliver, on behalf of the master servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and do or accomplish all other acts or things necessary or appropriate to effect the termination of the master servicer, including the transfer and endorsement or assignment of the loans and related documents. The master servicer has agreed to cooperate with the trustee in effecting the termination of the master servicer, including the transfer to the trustee of all cash amounts which shall at the time be credited to the Security Account, or thereafter be received with respect to the loans. Upon request of the trustee, the master servicer has also agreed, at its expense, to deliver to the assuming party all documents and records relating to each subservicing agreement and the loans then being serviced thereunder and an accounting of amounts collected held by it and otherwise use its best efforts to effect the orderly and efficient transfer of the subservicing agreement to the assuming party. No additional funds have been reserved to pay for any expenses not paid by the master servicer in connection with a servicing transfer.

In the event that the trustee is unwilling or unable to act as the successor to the master servicer, it may appoint, or petition a court of competent jurisdiction for the appointment of, a mortgage loan servicing institution with a net worth of at least \$15,000,000 to act as successor to the master servicer under the Agreement. Pending that appointment, the trustee is obligated to act in that capacity. The trustee and any successor may agree upon the servicing compensation to be paid, which in no event may be greater than the compensation payable to the master servicer under the Agreement.

Unless otherwise provided in the related prospectus supplement, no securityholder, solely by virtue of the holder’s status as a securityholder, will have any right under any Agreement to institute any proceeding with respect to the Agreement, unless the holder previously has given to the trustee written notice of default and unless the holders of securities of any class of that series evidencing not less than 25% of the aggregate percentage interests constituting the class have made written request upon the trustee to institute the proceeding in its own name as trustee thereunder and have offered to the trustee reasonable indemnity, and the trustee for 60 days has neglected or refused to institute that proceeding.

Indenture. The applicable prospectus supplement may provide for other Events of Default, but if it does not, the Events of Default under each Indenture will consist of:

- a default by the issuer in the payment of any principal of or interest on any note of that series which continues unremedied for five days after the giving of written notice of the default is given as specified in the related prospectus supplement;
- failure to perform in any material respect any other obligation or observe any representation or warranty of the issuer in the Indenture which continues for a period of thirty (30) days after notice thereof is given in accordance with the procedures described in the related prospectus supplement;

- certain events of insolvency with respect to the issuer; or
- any other Event of Default provided with respect to notes of that series including but not limited to certain defaults on the part of the issuer, if any, of a credit enhancement instrument supporting the notes.

Unless otherwise provided in the related prospectus supplement, if an Event of Default with respect to the notes of any series at the time outstanding occurs and is continuing, either the trustee or the holders of not less than 51% of the then aggregate outstanding amount of the notes of that series may declare the principal amount (or, if the notes of that series have an interest rate of 0%, the portion of the principal amount as may be specified in the terms of that series, as provided in the related prospectus supplement) of all the notes of that series to be due and payable immediately. That declaration may, under certain circumstances, be rescinded and annulled by the holders of not less than 51% of the percentage interests of the notes of the series.

Unless otherwise provided in the related prospectus supplement, if, following an Event of Default with respect to any series of notes, the notes of the series have been declared to be due and payable, the trustee may, notwithstanding that acceleration, elect to maintain possession of the collateral securing the notes of the series and to continue to apply distributions on the collateral as if there had been no declaration of acceleration if the collateral continues to provide sufficient funds for the payment of principal of and interest on the notes of the series as they would have become due if there had not been a declaration. In addition, unless otherwise specified in the related prospectus supplement, the trustee may not sell or otherwise liquidate the collateral securing the notes of a series following an Event of Default, other than a default in the payment of any principal or interest on any note of the series for five days or more, unless

- the holders of 100% of the percentage interests of the notes of the series consent to the sale,
- the proceeds of the sale or liquidation are sufficient to pay in full the principal of and accrued interest, due and unpaid, on the outstanding notes of the series at the date of the sale or
- the trustee determines that the collateral would not be sufficient on an ongoing basis to make all payments on the notes as the payments would have become due if the notes had not been declared due and payable, and the trustee obtains the consent of the holders of a majority of the percentage interests of the notes of the series.

If specified in the related prospectus supplement, other parties, such as a credit enhancement provider, may have certain rights with respect to remedies upon an Event of Default that may limit the rights of the related noteholders.

In the event that the trustee liquidates the collateral in connection with an Event of Default involving a default for five days or more in the payment of principal of or interest on the notes of a series, the Indenture may provide that the trustee will have a prior lien on the proceeds of that liquidation for unpaid fees and expenses. As a result, upon the occurrence of that Event of Default, the amount available for distribution to the noteholders would be less than would otherwise be the case. However, the trustee may not institute a proceeding for the enforcement of its lien except in connection with a proceeding for the enforcement of the lien of the Indenture for the benefit of the noteholders after the occurrence of that Event of Default.

In the event the principal of the notes of a series is declared due and payable, as described above, the holders of the notes issued at a discount from par may be entitled to receive no more than an amount equal to the unpaid principal amount thereof less the amount of the discount which is unamortized.

Subject to the provisions of the Indenture relating to the duties of the trustee, in case an Event of Default shall occur and be continuing with respect to a series of notes, the trustee shall be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the holders of notes of the series, unless the holders offered to the trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in complying with the request or direction. Subject to the provisions for

indemnification and certain limitations contained in the Indenture, the holders of not less than 51% of the then aggregate outstanding amount of the notes of the series 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 with respect to the notes of the series, and the holders of not less than 51% of the then aggregate outstanding amount of the notes of the series may, in certain cases, waive any default with respect thereto, except a default in the payment of principal or interest or a default in respect of a covenant or provision of the Indenture that cannot be modified without the waiver or consent of all the holders of the outstanding notes of the series affected thereby. If provided in the related prospectus supplement, the priority of payments payable on the notes may change following an Event of Default.

Amendment

The applicable prospectus supplement may specify other amendment provisions, but if it does not, each Agreement may be amended by the parties to the Agreement, without the consent of any of the securityholders,

- (a) to cure any ambiguity;
- (b) to correct any defective provision in the Agreement or to supplement any provision in the Agreement that may be inconsistent with any other provision in it;
- (c) to conform the Agreement to the related prospectus supplement or the prospectus;
- (d) to modify, alter, amend, add or to rescind any of the terms or provisions contained in the Agreement to comply with any rules or regulations promulgated by the SEC from time to time; or
- (e) to make any other revisions with respect to matters or questions arising under the Agreement which are not inconsistent with the provisions in it,

provided that the action will not adversely affect in any material respect the interests of any securityholder. Any amendment made solely to conform the Agreement to the final prospectus supplement provided to investors in connection with the initial offering of the securities by the depositor will be deemed not to materially and adversely affect the interests of securityholders. In addition, an amendment will be deemed not to adversely affect in any material respect the interests of the securityholders if the person requesting the amendment obtains a letter from each Rating Agency requested to rate the class or classes of securities of the related series stating that the amendment will not result in the downgrading or withdrawal of the respective ratings then assigned to the related securities.

In addition, to the extent provided in the related Agreement, an Agreement may be amended without the consent of any of the securityholders, to change the manner in which the Security Account is maintained, provided that the change does not adversely affect the then current rating on the class or classes of securities of the related series that have been rated at the request of the depositor. Moreover, the related Agreement may be amended to modify, eliminate or add to any of its provisions to the extent necessary to modify the terms or provisions related to any lower-tier REMIC, to maintain the qualification of the related trust fund as a REMIC or to avoid or minimize the risk of imposition of any tax on the REMIC, if a REMIC election is made with respect to the trust fund, or to comply with any other requirements of the Code, if the trustee has received an opinion of counsel to the effect that the action is necessary or helpful to ensure the proper operation of the master REMIC, maintain the qualification, avoid or minimize that risk or comply with those requirements, as applicable.

The applicable prospectus supplement may specify other amendment provisions, but if it does not, each Agreement may also be amended by the parties to the related Agreement with consent of holders of securities of the related series evidencing not less than 51% of the aggregate percentage interests of each class affected thereby for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Agreement or of modifying in any manner the rights of the holders of the related securities; provided, however, that the amendment may not

- reduce in any manner the amount of or delay the timing of, payments received on Trust Fund Assets which are required to be distributed on any security without the consent of the holder of the related security,
- adversely affect in any material respect the interests of the holders of any class of securities in a manner other than as described in the preceding bullet point, without the consent of the holders of securities of the class evidencing, as to the class, percentage interests aggregating 66%, or
- reduce the aforesaid percentage of securities of any class the holders of which are required to consent to the amendment without the consent of the holders of all securities of that class covered by the Agreement then outstanding.

If a REMIC election is made with respect to a trust fund, the trustee will not be entitled to consent to an amendment to the related Agreement without having first received an opinion of counsel to the effect that the amendment will not cause the related trust fund to fail to qualify as a REMIC. If so described in the related prospectus supplement, an amendment of an Agreement may require the consent of persons that are not party to the agreement, such as a credit enhancement provider.

Termination; Optional Termination

Pooling and Servicing Agreement; Sale and Servicing Agreement. The applicable prospectus supplement may provide for the timing by which the Agreement terminates, but if it does not, the obligations created by each Pooling and Servicing Agreement and Sale and Servicing Agreement for each series of securities will terminate upon the payment to the related securityholders of all amounts held in the Security Account or by the master servicer and required to be paid to them pursuant to the related Agreement following the earlier of:

- (i) the final payment of or other liquidation of the last of the Trust Fund Assets subject thereto or the disposition of all property acquired upon foreclosure of any Trust Fund Assets remaining in the trust fund; and
- (ii) the purchase by the master servicer, the party specified in the related prospectus supplement or, if REMIC treatment has been elected and if specified in the related prospectus supplement, by the holder of the residual interest in the REMIC (see “Federal Income Tax Consequences” below), from the related trust fund of all of the remaining Trust Fund Assets and all property acquired in respect of the Trust Fund Assets.

Any purchase of Trust Fund Assets and property acquired in respect of Trust Fund Assets evidenced by a series of securities will be made at the option of the master servicer, or the party specified in the related prospectus supplement, including the holder of the REMIC residual interest, at a price specified in the related prospectus supplement. The exercise of this right will effect early retirement of the securities of that series, but the right of the master servicer, or the other party or, if applicable, the holder of the REMIC residual interest, to so purchase is subject to the principal balance of the related Trust Fund Assets being less than the percentage specified in the related prospectus supplement of the aggregate principal balance of the Trust Fund Assets at the cut-off date for the series. The foregoing is subject to the provision that if a REMIC election is made with respect to a trust fund, any repurchase pursuant to clause (ii) above will not be made if the repurchase would result in a “prohibited transaction tax” within the meaning of Section 860F(a)(1) of the Code being imposed on any REMIC.

Indenture. The Indenture will be discharged with respect to a series of notes (except with respect to certain continuing rights specified in the Indenture) upon the delivery to the trustee for cancellation of all the notes of the related series or, with certain limitations, upon deposit with the trustee of funds sufficient for the payment in full of all of the notes of the related series.

In addition, the Indenture will provide that, if so specified with respect to the notes of any series, the related trust fund will be discharged from any and all obligations in respect of the notes of the series (except for certain obligations relating to temporary notes and exchange of notes, to register the transfer of or exchange notes of the series, to replace stolen, lost or mutilated notes of the series, to maintain paying agencies and to hold monies for

payment in trust) upon the deposit with the trustee, in trust, of money and/or direct obligations of or obligations guaranteed by the United States of America which through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of and each installment of interest on the notes of the series on the last scheduled distribution date for the notes and any installment of interest on the notes in accordance with the terms of the Indenture and the notes of the series. In the event of a defeasance and discharge of notes of a series as described above, holders of notes of the related series would be able to look only to that money and/or direct obligations for payment of principal and interest, if any, on their notes until maturity.

The Trustee

The trustee under each Agreement will be named in the applicable prospectus supplement. The commercial bank or trust company serving as trustee may have normal banking relationships with the depositor, the master servicer and any of their respective affiliates.

Certain Legal Aspects of the Loans

The following discussion contains summaries, which are general in nature, of certain legal matters relating to the loans. Because those legal aspects are governed primarily by applicable state law (which laws may differ substantially), the descriptions do not, except as expressly provided below, reflect the laws of any particular state, nor encompass the laws of all states in which the security for the loans is situated. The descriptions are qualified in their entirety by reference to the applicable federal laws and the appropriate laws of the states in which loans may be originated.

General

The loans for a series may be secured by deeds of trust, mortgages, security deeds or deeds to secure debt, depending upon the prevailing practice in the state in which the property subject to the loan is located. Deeds of trust are used almost exclusively in California instead of mortgages. A mortgage creates a lien upon the real property encumbered by the mortgage, which lien is generally not prior to the lien for real estate taxes and assessments. Priority between mortgages depends on their terms and generally on the order of recording with a state or county office. There are two parties to a mortgage: the mortgagor, who is the borrower and owner of the mortgaged property, and the mortgagee, who is the lender. Under the mortgage instrument, the mortgagor delivers to the mortgagee a note or bond and the mortgage. Although a deed of trust is similar to a mortgage, a deed of trust formally has three parties, the borrower-property owner called the trustor (similar to a mortgagor), a lender (similar to a mortgagee) called the beneficiary, and a third-party grantee called the trustee. Under a deed of trust, the borrower grants the property, irrevocably until the debt is paid, in trust, generally with a power of sale, to the trustee to secure payment of the obligation. A security deed and a deed to secure debt are special types of deeds which indicate on their face that they are granted to secure an underlying debt. By executing a security deed or deed to secure debt, the grantor conveys title to, as opposed to merely creating a lien upon, the subject property to the grantee until the underlying debt is repaid. The trustee's authority under a deed of trust, the mortgagee's authority under a mortgage and the grantee's authority under a security deed or deed to secure debt are governed by law and, with respect to some deeds of trust, the directions of the beneficiary.

In this prospectus, we generally use the term "mortgage" to generically describe real-estate security instruments, however, if certain information relates to a particular security instrument, we will refer to that security instrument.

Cooperatives. Certain of the loans may be cooperative loans. The cooperative owns all the real property that comprises the project, including the land, separate dwelling units and all common areas. The cooperative is directly responsible for project management and, in most cases, payment of real estate taxes and hazard and liability insurance. If there is a blanket mortgage on the cooperative and/or underlying land, as is generally the case, the cooperative, as project mortgagor, is also responsible for meeting these mortgage obligations. A blanket mortgage is ordinarily incurred by the cooperative in connection with the construction or purchase of the cooperative's apartment building. The interest of the occupant under proprietary leases or occupancy agreements to which that cooperative is a party are generally subordinate to the interest of the holder of the blanket mortgage in that building.

If the cooperative is unable to meet the payment obligations arising under its blanket mortgage, the mortgagee holding the blanket mortgage could foreclose on that mortgage and terminate all subordinate proprietary leases and occupancy agreements. In addition, the blanket mortgage on a cooperative may provide financing in the form of a mortgage that does not fully amortize with a significant portion of principal being due in one lump sum at final maturity. The inability of the cooperative to refinance this mortgage and its consequent inability to make the final payment could lead to foreclosure by the mortgagee providing the financing. A foreclosure in either event by the holder of the blanket mortgage could eliminate or significantly diminish the value of any collateral held by the lender who financed the purchase by an individual tenant-stockholder of cooperative shares or, in the case of a trust fund including cooperative loans, the collateral securing the cooperative loans.

The cooperative is owned by tenant-stockholders who, through ownership of stock, shares or membership certificates in the corporation, receive proprietary leases or occupancy agreements which confer exclusive rights to occupy specific units. Generally, a tenant-stockholder of a cooperative must make a monthly payment to the cooperative representing the tenant-stockholder's pro rata share of the cooperative's payments for its blanket mortgage, real property taxes, maintenance expenses and other capital or ordinary expenses. An ownership interest in a cooperative and accompanying rights is financed through a cooperative share loan evidenced by a promissory note and secured by a security interest in the occupancy agreement or proprietary lease and in the related cooperative shares. The lender takes possession of the share certificate and a counterpart of the proprietary lease or occupancy agreement, and a financing statement covering the proprietary lease or occupancy agreement and the cooperative shares is filed in the appropriate state and local offices to perfect the lender's interest in its collateral. Subject to the limitations discussed below, upon default of the tenant-stockholder, the lender may sue for judgment on the promissory note, dispose of the collateral at a public or private sale or otherwise proceed against the collateral or tenant-stockholder as an individual as provided in the security agreement covering the assignment of the proprietary lease or occupancy agreement and the pledge of cooperative shares.

Foreclosure

Deed of Trust. Foreclosure of a deed of trust is generally accomplished by a non-judicial sale under a specific provision in the deed of trust which authorizes the trustee to sell the property at public auction upon any material default by the borrower under the terms of the note or deed of trust. In certain states, foreclosure also may be accomplished by judicial action in the manner provided for foreclosure of mortgages. In addition to any notice requirements contained in a deed of trust, in some states (such as California), the trustee must record a notice of default and send a copy to the borrower-trustor, to any person who has recorded a request for a copy of any notice of default and notice of sale, to any successor in interest to the borrower-trustor, to the beneficiary of any junior deed of trust and to certain other persons. In some states (including California), the borrower-trustor has the right to reinstate the loan at any time following default until shortly before the trustee's sale. In general, the borrower, or any other person having a junior encumbrance on the real estate, may, during a statutorily prescribed reinstatement period, cure a monetary default by paying the entire amount in arrears plus other designated costs and expenses incurred in enforcing the obligation. Generally, state law controls the amount of foreclosure expenses and costs, including attorney's fees, which may be recovered by a lender. After the reinstatement period has expired without the default having been cured, the borrower or junior lienholder no longer has the right to reinstate the loan and must pay the loan in full to prevent the scheduled foreclosure sale. If the deed of trust is not reinstated within any applicable cure period, a notice of sale must be posted in a public place and, in most states (including California), published for a specific period of time in one or more newspapers. In addition, some state laws require that a copy of the notice of sale be posted on the property and sent to all parties having an interest of record in the real property. In California, the entire process from recording a notice of default to a non-judicial sale usually takes four to five months.

Mortgages. Foreclosure of a mortgage is generally accomplished by judicial action. The action is initiated by the service of legal pleadings upon all parties having an interest in the real property. Delays in completion of the foreclosure may occasionally result from difficulties in locating necessary parties. Judicial foreclosure proceedings are often not contested by any of the parties. When the mortgagee's right to foreclosure is contested, the legal proceedings necessary to resolve the issue can be time consuming. After the completion of a judicial foreclosure proceeding, the court generally issues a judgment of foreclosure and appoints a referee or other court officer to conduct the sale of the property. In some states, mortgages may also be foreclosed by advertisement, pursuant to a power of sale provided in the mortgage.

Although foreclosure sales are typically public sales, frequently no third party purchaser bids in excess of the lender's lien because of the difficulty of determining the exact status of title to the property, the possible deterioration of the property during the foreclosure proceedings and a requirement that the purchaser pay for the property in cash or by cashier's check. Thus the foreclosing lender often purchases the property from the trustee or referee for an amount equal to the principal amount outstanding under the loan, accrued and unpaid interest and the expenses of foreclosure in which event the mortgagor's debt will be extinguished or the lender may purchase for a lesser amount in order to preserve its right against a borrower to seek a deficiency judgment in states where the judgment is available. Thereafter, subject to the right of the borrower in some states to remain in possession during the redemption period, the lender will assume the burden of ownership, including obtaining hazard insurance and making the repairs at its own expense as are necessary to render the property suitable for sale. The lender will commonly obtain the services of a real estate broker and pay the broker's commission in connection with the sale of the property. Depending upon market conditions, the ultimate proceeds of the sale of the property may not equal the lender's investment in the property. Any loss may be reduced by the receipt of any mortgage guaranty insurance proceeds.

Courts have imposed general equitable principles upon foreclosure, which are generally designed to mitigate the legal consequences to the borrower of the borrower's defaults under the loan documents. Some courts have been faced with the issue of whether federal or state constitutional provisions reflecting due process concerns for fair notice require that borrowers under deeds of trust receive notice longer than that prescribed by statute. For the most part, these cases have upheld the notice provisions as being reasonable or have found that the sale by a trustee under a deed of trust does not involve sufficient state action to afford constitutional protection to the borrower.

When the beneficiary under a junior mortgage or deed of trust cures the default and reinstates or redeems by paying the full amount of the senior mortgage or deed of trust, the amount paid by the beneficiary so to cure or redeem becomes a part of the indebtedness secured by the junior mortgage or deed of trust. See "Junior Mortgages; Rights of Senior Mortgagees" below.

Cooperative Loans. The cooperative shares owned by the tenant-stockholder and pledged to the lender are, in almost all cases, subject to restrictions on transfer as set forth in the cooperative's certificate of incorporation and bylaws, as well as the proprietary lease or occupancy agreement, and may be cancelled by the cooperative for failure by the tenant-stockholder to pay rent or other obligations or charges owed by the tenant-stockholder, including mechanics' liens against the cooperative apartment building incurred by the tenant-stockholder. The proprietary lease or occupancy agreement generally permits the cooperative to terminate the lease or agreement in the event an obligor fails to make payments or defaults in the performance of covenants required thereunder. Typically, the lender and the cooperative enter into a recognition agreement which establishes the rights and obligations of both parties in the event of a default by the tenant-stockholder on its obligations under the proprietary lease or occupancy agreement. A default by the tenant-stockholder under the proprietary lease or occupancy agreement will usually constitute a default under the security agreement between the lender and the tenant-stockholder.

The recognition agreement generally provides that, in the event that the tenant-stockholder has defaulted under the proprietary lease or occupancy agreement, the cooperative will take no action to terminate the lease or agreement until the lender has been provided with an opportunity to cure the default. The recognition agreement typically provides that if the proprietary lease or occupancy agreement is terminated, the cooperative will recognize the lender's lien against proceeds from the sale of the cooperative apartment, subject, however, to the cooperative's right to sums due under the proprietary lease or occupancy agreement. The total amount owed to the cooperative by the tenant-stockholder, which the lender generally cannot restrict and does not monitor, could reduce the value of the collateral below the outstanding principal balance of the cooperative loan and accrued and unpaid interest thereon.

Recognition agreements also provide that in the event of a foreclosure on a cooperative loan, the lender must obtain the approval or consent of the cooperative as required by the proprietary lease before transferring the cooperative shares or assigning the proprietary lease. Generally, the lender is not limited in any rights it may have to dispossess the tenant-stockholders.

In some states, foreclosure on the cooperative shares is accomplished by a sale in accordance with the provisions of Article 9 of the Uniform Commercial Code (the "UCC") and the security agreement relating to those

shares. Article 9 of the UCC requires that a sale be conducted in a “commercially reasonable” manner. Whether a foreclosure sale has been conducted in a “commercially reasonable” manner will depend on the facts in each case. In determining commercial reasonableness, a court will look to the notice given the debtor and the method, manner, time, place and terms of the foreclosure. Generally, a sale conducted according to the usual practice of banks selling similar collateral will be considered reasonably conducted.

Article 9 of the UCC provides that the proceeds of the sale will be applied first to pay the costs and expenses of the sale and then to satisfy the indebtedness secured by the lender’s security interest. The recognition agreement, however, generally provides that the lender’s right to reimbursement is subject to the right of the cooperative to receive sums due under the proprietary lease or occupancy agreement. If there are proceeds remaining, the lender must account to the tenant-stockholder for the surplus. Conversely, if a portion of the indebtedness remains unpaid, the tenant-stockholder is generally responsible for the deficiency. See “Anti-Deficiency Legislation and Other Limitations on Lenders” below.

In the case of foreclosure on a building which was converted from a rental building to a building owned by a cooperative under a non-eviction plan, some states require that a purchaser at a foreclosure sale take the property subject to rent control and rent stabilization laws which apply to certain tenants who elected to remain in the building but who did not purchase shares in the cooperative when the building was so converted.

Environmental Risks

Real property pledged as security to a lender may be subject to unforeseen environmental risks. Environmental remedial costs can be substantial and can potentially exceed the value of the property. Under the laws of certain states, contamination of a property may give rise to a lien on the property to assure the payment of the costs of clean-up. In several states that lien has priority over the lien of an existing mortgage against the property. In addition, under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”), the EPA may impose a lien on property where EPA has incurred clean-up costs. However, a CERCLA lien is subordinate to pre-existing, perfected security interests.

Under the laws of some states, and under CERCLA, it is conceivable that a secured lender may be held liable as an “owner” or “operator” for the costs of addressing releases or threatened releases of hazardous substances at a Property, even though the environmental damage or threat was caused by a prior or current owner or operator. CERCLA imposes liability for the costs on any and all “potentially responsible parties,” including “owners” or “operators”. However, CERCLA excludes from the definition of “owner or operator” a secured creditor who holds indicia of ownership primarily to protect its security interest (the “secured creditor exemption”) but without “participating in the management” of the property. Thus, if a lender’s activities encroach on the actual management of a contaminated facility or property, the lender may incur liability as an “owner or operator” under CERCLA. Similarly, if a lender forecloses and takes title to a contaminated facility or property, the lender may incur CERCLA liability in various circumstances, including, but not limited to, when it fails to market the property in a timely fashion.

Whether actions taken by a lender would constitute participation in the management of a mortgaged property so as to render the secured creditor exemption unavailable to a lender, was historically a matter of judicial interpretation of the statutory language. Court decisions were inconsistent and, in fact, in 1990, the Court of Appeals for the Eleventh Circuit suggested that the mere capacity of the lender to influence a borrower’s decisions regarding disposal of hazardous substances was sufficient participation in the management of a borrower’s business to deny the protection of the secured creditor exemption to the lender. In 1996, Congress enacted the Asset Conservation, Lender Liability and Deposit Insurance Protection Act (“Asset Conservation Act”), which provides that, in order to be deemed to have participated in the management of a mortgaged property, a lender must actually participate in the operational affairs of the property. The Asset Conservation Act also provides that participation in the management of the property does not include “merely having the capacity to influence, or unexercised right to control” operations. Rather, a lender will lose the protection of the secured creditor exemption only if it (a) exercises decision making control over the borrower’s environmental compliance and hazardous substance handling and disposal practices at the property, or (b) exercises control comparable to the manager of the property, so that the lender has assumed responsibility for (i) “the overall management of the facility encompassing day-to-day decision

making with respect to environmental compliance” or (ii) “over all or substantially all of the operational functions” of the property other than environmental compliance.

If a lender is or becomes liable, it may be able to bring an action for contribution under CERCLA or other statutory or common laws against any other “potentially responsible parties,” including a previous owner or operator, who created the environmental hazard, but those persons or entities may be bankrupt or otherwise judgment proof. The costs associated with environmental cleanup may be substantial. It is conceivable that the costs arising from the circumstances set forth above would result in a loss to certificateholders.

CERCLA does not apply to petroleum products, and the secured creditor exemption does not govern liability for cleanup costs under state laws or under federal laws other than CERCLA, including Subtitle I of the federal Resource Conservation and Recovery Act (“RCRA”), which regulates underground petroleum storage tanks (except heating oil tanks). The EPA has adopted a lender liability rule for underground storage tanks under Subtitle I of RCRA. Under that rule, a holder of a security interest in an underground storage tank or real property containing an underground storage tank is not considered an operator of the underground storage tank as long as petroleum is not added to, stored in or dispensed from the tank. Moreover, under the Asset Conservation Act, the protections accorded to lenders under CERCLA are also accorded to holders of security interests in underground petroleum storage tanks or the properties on which they are located. A lender will lose the protections accorded to secured creditors under federal law for petroleum underground storage tanks by “participating in the management” of the tank or tank system if the lender either: (a) “exercises decisionmaking control over the operational” aspects of the tank or tank system; or (b) exercises control comparable to a manager of the property, so that the lender has assumed responsibility for overall management of the property including day-to-day decision making with regard to all, or substantially all, operational aspects. It should be noted, however, that liability for cleanup of petroleum contamination may be governed by state law, which may not provide for any specific protection for secured creditors.

While the “owner” or “operator” of contaminated property may face liability for investigating and cleaning up the property, regardless of fault, it may also be required to comply with environmental regulatory requirements, such as those governing asbestos. In addition, the presence of asbestos, mold, lead-based paint, lead in drinking water, and/or radon at a real property may lead to the incurrence of costs for remediation, mitigation or the implementation of an operations and maintenance plan. Furthermore, the presence of asbestos, mold, lead-based paint, lead in drinking water, radon and/or contamination at a property may present a risk that third parties will seek recovery from “owners” or “operators” of that property for personal injury or property damage. Environmental regulatory requirements for property “owners” or “operators,” or law that is the basis for claims of personal injury or property damage, may not have exemptions for secured creditors.

In general, at the time the loans were originated no environmental assessment, or a very limited environmental assessment, of the Properties was conducted.

Rights of Redemption

In some states, after sale pursuant to a deed of trust or foreclosure of a mortgage, the borrower and foreclosed junior lienors are given a statutory period in which to redeem the property from the foreclosure sale. In certain other states (including California), this right of redemption applies only to sales following judicial foreclosure, and not to sales pursuant to a non-judicial power of sale. In most states where the right of redemption is available, statutory redemption may occur upon payment of the foreclosure purchase price, accrued interest and taxes. In other states, redemption may be authorized if the former borrower pays only a portion of the sums due. The effect of a statutory right of redemption is to diminish the ability of the lender to sell the foreclosed property. The exercise of a right of redemption would defeat the title of any purchaser from the lender subsequent to foreclosure or sale under a deed of trust. Consequently, the practical effect of the redemption right is to force the lender to retain the property and pay the expenses of ownership until the redemption period has run. In some states, there is no right to redeem property after a trustee’s sale under a deed of trust.

Anti-Deficiency Legislation and Other Limitations On Lenders

Certain states have imposed statutory and judicial restrictions that limit the remedies of a beneficiary under a deed of trust or a mortgagee under a mortgage. In some states, including California, statutes and case law limit the right of the beneficiary or mortgagee to obtain a deficiency judgment against borrowers financing the purchase of their residence or following sale under a deed of trust or certain other foreclosure proceedings. A deficiency judgment is a personal judgment against the borrower equal in most cases to the difference between the amount due to the lender and the fair market value of the real property at the time of the foreclosure sale. In certain states, including California, if a lender simultaneously originates a loan secured by a senior lien on a particular property and a loan secured by a junior lien on the same property, that lender as the holder of the junior lien may be precluded from obtaining a deficiency judgment with respect to the excess of the aggregate amount owed under both loans over the proceeds of any sale under a deed of trust or other foreclosure proceedings. As a result of these prohibitions, it is anticipated that in most instances the master servicer will utilize the non-judicial foreclosure remedy and will not seek deficiency judgments against defaulting borrowers.

Some state statutes require the beneficiary or mortgagee to exhaust the security afforded under a deed of trust or mortgage by foreclosure in an attempt to satisfy the full debt before bringing a personal action against the borrower. In certain other states, the lender has the option of bringing a personal action against the borrower on the debt without first exhausting that security; however, in some of these states, the lender, following judgment on that personal action, may be deemed to have elected a remedy and may be precluded from exercising remedies with respect to the security. Consequently, the practical effect of the election requirement, when applicable, is that lenders will usually proceed first against the security rather than bringing a personal action against the borrower. In some states, exceptions to the anti-deficiency statutes are provided for in certain instances where the value of the lender's security has been impaired by acts or omissions of the borrower, for example, in the event of waste of the property. Finally, other statutory provisions limit any deficiency judgment against the former borrower following a foreclosure sale to the excess of the outstanding debt over the fair market value of the property at the time of the public sale. The purpose of these statutes is generally to prevent a beneficiary or a mortgagee from obtaining a large deficiency judgment against the former borrower as a result of low or no bids at the foreclosure sale.

Generally, Article 9 of the UCC governs foreclosure on cooperative shares and the related proprietary lease or occupancy agreement. Some courts have interpreted section 9-504 of the UCC to prohibit a deficiency award unless the creditor establishes that the sale of the collateral (which, in the case of a cooperative loan, would be the shares of the cooperative and the related proprietary lease or occupancy agreement) was conducted in a commercially reasonable manner.

In addition to anti-deficiency and related legislation, numerous other federal and state statutory provisions, including the federal bankruptcy laws, and state laws affording relief to debtors, may interfere with or affect the ability of the secured mortgage lender to realize upon its security. For example, in a proceeding under the federal Bankruptcy Code, a lender may not foreclose on a mortgaged property without the permission of the bankruptcy court. The rehabilitation plan proposed by the debtor may provide, if the mortgaged property is not the debtor's principal residence and the court determines that the value of the mortgaged property is less than the principal balance of the mortgage loan, for the reduction of the secured indebtedness to the value of the mortgaged property as of the date of the commencement of the bankruptcy, rendering the lender a general unsecured creditor for the difference, and also may reduce the monthly payments due under the mortgage loan, change the rate of interest and alter the mortgage loan repayment schedule. The effect of any proceedings under the federal Bankruptcy Code, including but not limited to any automatic stay, could result in delays in receiving payments on the loans underlying a series of securities and possible reductions in the aggregate amount of the payments.

The federal tax laws provide priority to certain tax liens over the lien of a mortgage or secured party.

Due-On-Sale Clauses

Generally, each conventional loan will contain a due-on-sale clause which will generally provide that if the mortgagor or obligor sells, transfers or conveys the Property, the loan or contract may be accelerated by the mortgagee or secured party. Court decisions and legislative actions have placed substantial restriction on the right of lenders to enforce the clauses in many states. For instance, the California Supreme Court in August 1978 held

that due-on-sale clauses were generally unenforceable. However, the Garn-St Germain Depository Institutions Act of 1982 (the “Garn-St Germain Act”), subject to certain exceptions, preempts state constitutional, statutory and case law prohibiting the enforcement of due-on-sale clauses. As a result, due-on-sale clauses have become generally enforceable except in those states whose legislatures exercised their authority to regulate the enforceability of the clauses with respect to mortgage loans that were (i) originated or assumed during the “window period” under the Garn-St Germain Act which ended in all cases not later than October 15, 1982, and (ii) originated by lenders other than national banks, federal savings institutions and federal credit unions. FHLMC has taken the position in its published mortgage servicing standards that, out of a total of eleven “window period states,” five states (Arizona, Michigan, Minnesota, New Mexico and Utah) have enacted statutes extending, on various terms and for varying periods, the prohibition on enforcement of due-on-sale clauses with respect to certain categories of window period loans. Also, the Garn-St Germain Act does “encourage” lenders to permit assumption of loans at the original rate of interest or at some other rate less than the average of the original rate and the market rate.

As to loans secured by an owner-occupied residence, the Garn-St Germain Act sets forth nine specific instances in which a mortgagee covered by the Act may not exercise its rights under a due-on-sale clause, notwithstanding the fact that a transfer of the property may have occurred. The inability to enforce a due-on-sale clause may result in transfer of the related Property to an uncreditworthy person, which could increase the likelihood of default or may result in a mortgage bearing an interest rate below the current market rate being assumed by a new home buyer, which may affect the average life of the loans and the number of loans which may extend to maturity.

In addition, under federal bankruptcy law, due-on-sale clauses may not be enforceable in bankruptcy proceedings and may, under certain circumstances, be eliminated in any modified mortgage resulting from the bankruptcy proceeding.

Enforceability of Prepayment and Late Payment Fees

Forms of notes, mortgages and deeds of trust used by lenders may contain provisions obligating the borrower to pay a late charge if payments are not timely made, and in some circumstances may provide for prepayment fees or charges if the obligation is paid prior to maturity. In certain states, there are or may be specific limitations upon the late charges which a lender may collect from a borrower for delinquent payments. Certain states also limit the amounts that a lender may collect from a borrower as an additional charge if the loan is prepaid. Under certain state laws, prepayment charges may not be imposed after a certain period of time following the origination of mortgage loans with respect to prepayments on loans secured by liens encumbering owner-occupied residential properties. Since many of the Properties will be owner-occupied, it is anticipated that prepayment charges may not be imposed with respect to many of the loans. The absence of that restraint on prepayment, particularly with respect to fixed rate loans having higher Loan Rates, may increase the likelihood of refinancing or other early retirement of the loans or contracts. Late charges and prepayment fees are typically retained by servicers as additional servicing compensation.

Applicability of Usury Laws

Title V of the Depository Institutions Deregulation and Monetary Control Act of 1980, enacted in March 1980 (“Title V”) provides that state usury limitations shall not apply to certain types of residential first mortgage loans originated by certain lenders after March 31, 1980. The Office of Thrift Supervision, as successor to the Federal Home Loan Bank Board, is authorized to issue rules and regulations and to publish interpretations governing implementation of Title V. The statute authorized the states to reimpose interest rate limits by adopting, before April 1, 1983, a law or constitutional provision which expressly rejects an application of the federal law. Fifteen states adopted a law prior to the April 1, 1983 deadline. In addition, even where Title V is not so rejected, any state is authorized by the law to adopt a provision limiting discount points or other charges on mortgage loans covered by Title V. Certain states have taken action to reimpose interest rate limits and/or to limit discount points or other charges.

Home Improvement Finance

General. The trust fund may own home improvement loans (“HI Loans”) or home improvement sales contracts (“HI Contracts”). HI Loans are loans that are made by lenders to finance the purchase of home

improvements from third party sellers, and may be secured by real estate or personal property. HI Contracts involve sales agreements under which sellers of home improvements extend credit to the purchasers and retain personal property security interests in the home improvements as collateral for repayment of the credits.

Real Estate Collateral. HI Loans secured by real estate generally are subject to many of the same laws that apply to other types of mortgage loans, especially laws applicable to home equity or junior lien mortgages. In addition, some laws may provide particular consumer protections in connection with mortgage loans that are used to finance home improvements, such as special disclosures or limits on creditor remedies.

Sale of Chattel Paper. The credit agreements evidencing HI Loans secured by personal property and HI Contracts generally are “chattel paper” as defined in the UCC. Pursuant to the UCC, the sale of chattel paper is treated in a manner similar to perfection of a security interest in chattel paper. Under the related agreement, the depositor will transfer physical possession of the chattel paper to the trustee or a designated custodian or may retain possession of the chattel paper as custodian for the trustee. In addition, the depositor will make an appropriate filing of a UCC-1 financing statement in the appropriate states to, among other things, give notice of the trust’s ownership of the chattel paper. In general, the chattel paper will not be stamped or otherwise marked to reflect assignment of the chattel paper from the depositor to the trustee. Therefore, if through negligence, fraud or otherwise, a subsequent purchaser were able to take physical possession of the chattel paper without notice of the assignment, the trust’s interest in the chattel paper could be defeated.

Perfection of Personal Property Security Interests. The HI Loans secured by personal property and the HI Contracts generally include a “purchase money security interest,” as defined in the UCC, in the home improvements being financed. A financing statement generally is not required to be filed to perfect a purchase money security interest in consumer goods. Purchase money security interests are assignable. In general, a purchase money security interest grants to the holder a security interest that has priority over a conflicting security interest in the same collateral and the proceeds of the collateral. However, to the extent that the collateral subject to a purchase money security interest becomes a fixture, in order for the related purchase money security interest to take priority over a conflicting interest in the fixture, the holder’s interest in the home improvement must generally be perfected by a timely fixture filing. In general, a security interest does not exist under the UCC in ordinary building materials incorporated into an improvement on land. A security interest in lumber, bricks, other types of ordinary building materials or other goods that are deemed to lose that characterization upon incorporation of the materials into the related property, will not be secured by a purchase money security interest in the home improvement being financed.

Enforcement of Security Interest in Home Improvements. So long as the home improvement remains personal property and has not become subject to the real estate law, a creditor with a security interest in the property can repossess the home improvement by voluntary surrender, by “self-help” repossession that is “peaceful” (i.e., without breach of the peace) or, in the absence of voluntary surrender and the ability to repossess without breach of the peace, by judicial process. The holder of a security interest must give the debtor a number of days’ notice, which generally varies from 10 to 30 days depending on the state, prior to commencement of any repossession. The UCC and consumer protection laws in most states place restrictions on repossession sales, including requiring prior notice to the debtor and commercial reasonableness in effecting that sale.

Under the laws applicable in many states, a creditor is entitled to obtain a deficiency judgment from a debtor for any deficiency on repossession and resale of the personal property securing the debtor’s loan. However, some states impose prohibitions or limitations on deficiency judgments, and in many cases the defaulting borrower would have no assets with which to pay a judgment. Also, certain other statutory provisions, including federal and state bankruptcy and insolvency laws and general equitable principles, may limit or delay the ability of a creditor to repossess and resell personal property collateral or enforce a deficiency judgment.

Consumer Claims and Defenses. The Federal Trade Commission’s Consumer Claims and Defenses Rule (“FTC Rule”) provides that a seller financing the sale of consumer goods or services must include in the consumer credit contract a notice that the purchaser of the contract will take the contract subject to the claims and defenses that the consumer could assert against the seller. The FTC Rule also provides that, if a seller of consumer goods or services refers a purchaser to a lender, or is affiliated with the lender by common control, contract or business arrangement, the seller may not accept the proceeds of a purchase money loan made by the lender unless the consumer credit contract contains a notice that the holder of the contract is subject to the claims and defenses that

the consumer could assert against the seller. Thus, holders of HI Contracts and certain HI Loans may be subject to claims and defenses that could be asserted against the seller of home improvements. Liability under the FTC Rule generally is limited to amounts received by the holder of the consumer credit obligation; however, the consumer may be able to assert the FTC Rule as a defense to a claim brought by the trustee against the consumer.

Servicemembers Civil Relief Act

Generally, under the terms of the Servicemembers Civil Relief Act (the “Relief Act”), a borrower who enters military service after the origination of the borrower’s loan (including a borrower who is a member of the National Guard or is in reserve status at the time of the origination of the loan and is later called to active duty) may not be charged interest above an annual rate of 6% during the period of the borrower’s active duty status, unless a court orders otherwise upon application of the lender. It is possible that the interest rate limitation could have an effect, for an indeterminate period of time, on the ability of the master servicer to collect full amounts of interest on certain of the loans. Unless otherwise provided in the related prospectus supplement, any shortfall in interest collections resulting from the application of the Relief Act could result in losses to securityholders. The Relief Act also imposes limitations which would impair the ability of the master servicer to foreclose on an affected loan during the borrower’s period of active duty status. Moreover, the Relief Act permits the extension of a loan’s maturity and the re-adjustment of its payment schedule beyond the completion of military service. Thus, in the event that the loan goes into default, there may be delays and losses occasioned by the inability to realize upon the Property in a timely fashion.

Junior Mortgages and Rights of Senior Mortgagees

To the extent that the loans comprising the trust fund for a series are secured by mortgages which are junior to other mortgages held by other lenders or institutional investors, the rights of the trust fund (and therefore the securityholders), as mortgagee under a junior mortgage, are subordinate to those of any mortgagee under any senior mortgage. The senior mortgagee has the right to receive hazard insurance and condemnation proceeds and to cause the property securing the loan to be sold upon default of the mortgagor, thereby extinguishing the junior mortgagee’s lien unless the junior mortgagee asserts its subordinate interest in the property in foreclosure litigation and, possibly, satisfies the defaulted senior mortgage. A junior mortgagee may satisfy a defaulted senior loan in full and, in some states, may cure a default and bring the senior loan current, in either event adding the amounts expended to the balance due on the junior loan. In many states, absent a provision in the mortgage or deed of trust, no notice of default is required to be given to a junior mortgagee.

Other Loan Provisions and Lender Requirements

The standard form of the mortgage used by most institutional lenders confers on the mortgagee the right both to receive all proceeds collected under any hazard insurance policy and all awards made in connection with condemnation proceedings, and to apply those proceeds and awards to any indebtedness secured by the mortgage, in the order as the mortgagee may determine. Thus, in the event improvements on the property are damaged or destroyed by fire or other casualty, or in the event the property is taken by condemnation, the mortgagee or beneficiary under senior mortgages will have the prior right to collect any insurance proceeds payable under a hazard insurance policy and any award of damages in connection with the condemnation and to apply the same to the indebtedness secured by the senior mortgages. Proceeds in excess of the amount of senior mortgage indebtedness, in most cases, may be applied to the indebtedness of a junior mortgage. Lenders in California may not require a borrower to provide property insurance for more than the replacement cost of the improvements, even if the loan balance exceeds this amount. In the event of a casualty, lenders may be required to make the insurance proceeds available to the borrower for repair and restoration, rather than applying the proceeds to outstanding indebtedness.

Another provision sometimes found in the form of the mortgage or deed of trust used by institutional lenders obligates the mortgagor to pay before delinquency all taxes and assessments on the property and, when due, all encumbrances, charges and liens on the property which appear prior to the mortgage or deed of trust, to provide and maintain fire insurance on the property, to maintain and repair the property and not to commit or permit any waste thereof, and to appear in and defend any action or proceeding purporting to affect the property or the rights of the mortgagee under the mortgage. Upon a failure of the mortgagor to perform any of these obligations, the

mortgagee is given the right under certain mortgages to perform the obligation itself, at its election, with the mortgagor agreeing to reimburse the mortgagee for any sums expended by the mortgagee on behalf of the mortgagor. All sums so expended by the mortgagee become part of the indebtedness secured by the mortgage. In some cases lenders require borrowers to make monthly deposits for estimated real estate taxes and property insurance premiums. Certain states, including California, impose limitations on both the amount of tax and insurance impounds that may be collected from a borrower, and upon the application of the impounded funds.

Generally lenders begin charging interest from the date the loan is disbursed. In California regulations may prohibit mortgage lenders financing residential purchases from charging interest on loan amounts outstanding for periods more than one day prior to the recording of the deed to the residence, even though the loan proceeds have been disbursed into escrow.

Priority of Additional Advances

The form of credit line trust deed or mortgage generally used by most institutional lenders which make revolving credit line loans typically contains a “future advance” clause, which provides, in essence, that additional amounts advanced to or on behalf of the borrower by the beneficiary or lender are to be secured by the deed of trust or mortgage. The priority of the lien securing any advance made under the clause may depend in most states on whether the deed of trust or mortgage is called and recorded as a credit line deed of trust or mortgage. If the beneficiary or lender advances additional amounts, the advance is entitled to receive the same priority as amounts initially advanced under the trust deed or mortgage, notwithstanding the fact that there may be junior trust deeds or mortgages and other liens which intervene between the date of recording of the trust deed or mortgage and the date of the future advance, and notwithstanding that the beneficiary or lender had actual knowledge of the intervening junior trust deeds or mortgages and other liens at the time of the advance. In most states, the trust deed or mortgage lien securing mortgage loans of the type which includes home equity credit lines applies retroactively to the date of the original recording of the trust deed or mortgage, provided that the total amount of advances under the home equity credit line does not exceed the maximum specified principal amount of the recorded trust deed or mortgage, except as to advances made after receipt by the lender of a written notice of lien from a judgment lien creditor of the trustor. In California priority will be lost with respect to advances made under subsequently recorded deeds of trust or mortgages, if the prior credit line lender has knowledge of the advances unless the advances under the secured credit line are determined to be “obligatory” rather than “discretionary.”

The Title I Program

General. Certain of the loans contained in a trust fund may be loans insured under the FHA Title I Credit Insurance program created pursuant to Sections 1 and 2(a) of the National Housing Act of 1934 (the “Title I Program”). Under the Title I Program, the FHA is authorized and empowered to insure qualified lending institutions against losses on eligible loans. The Title I Program operates as a coinsurance program in which the FHA insures up to 90% of certain losses incurred on an individual insured loan, including the unpaid principal balance of the loan, but only to the extent of the insurance coverage available in the lender’s FHA insurance coverage reserve account. The owner of the loan bears the uninsured loss on each loan.

The types of loans which are eligible for insurance by the FHA under the Title I Program include property improvement loans (“Property Improvement Loans” or “Title I Loans”). A Property Improvement Loan or Title I Loan means a loan made to finance actions or items that substantially protect or improve the basic livability or utility of a property and includes single family improvement loans.

There are two basic methods of lending or originating those loans which include a “direct loan” or a “dealer loan”. With respect to a direct loan, the borrower makes application directly to a lender without any assistance from a dealer, which application may be filled out by the borrower or by a person acting at the direction of the borrower who does not have a financial interest in the loan transaction, and the lender may disburse the loan proceeds solely to the borrower or jointly to the borrower and other parties to the transaction. With respect to a dealer loan, the dealer, who has a direct or indirect financial interest in the loan transaction, assists the borrower in preparing the loan application or otherwise assists the borrower in obtaining the loan from lender and the lender may distribute proceeds solely to the dealer or the borrower or jointly to the borrower and the dealer or other parties. With respect to a dealer Title I Loan, a dealer may include a seller, a contractor or supplier of goods or services.

Loans insured under the Title I Program are required to have fixed interest rates and, generally, provide for equal installment payments due weekly, biweekly, semi-monthly or monthly, except that a loan may be payable quarterly or semi-annually in order to correspond with the borrower's irregular flow of income. The first or last payments (or both) may vary in amount but may not exceed 150% of the regular installment payment, and the first scheduled payment may be due no later than two months from the date of the loan. The note must contain a provision permitting full or partial prepayment of the loan. The interest rate may be established by the lender and must be fixed for the term of the loan and recited in the note. Interest on an insured loan must accrue from the date of the loan and be calculated on a simple interest basis. The lender must assure that the note and all other documents evidencing the loan are in compliance with applicable federal, state and local laws.

Each insured lender is required to use prudent lending standards in underwriting individual loans and to satisfy the applicable loan underwriting requirements under the Title I Program prior to its approval of the loan and disbursement of loan proceeds. Generally, the lender must exercise prudence and diligence to determine whether the borrower and any co-maker is solvent and an acceptable credit risk, with a reasonable ability to make payments on the loan obligation. The lender's credit application and review must determine whether the borrower's income will be adequate to meet the periodic payments required by the loan, as well as the borrower's other housing and recurring expenses, which determination must be made in accordance with the expense-to-income ratios published by the Secretary of HUD.

Under the Title I Program, the FHA does not review or approve for qualification for insurance the individual loans insured thereunder at the time of approval by the lending institution (as is typically the case with other federal loan programs). If, after a loan has been made and reported for insurance under the Title I Program, the lender discovers any material misstatement of fact or that the loan proceeds have been misused by the borrower, dealer or any other party, it shall promptly report this to the FHA. In that case, provided that the validity of any lien on the property has not been impaired, the insurance of the loan under the Title I Program will not be affected unless the material misstatements of fact or misuse of loan proceeds was caused by (or was knowingly sanctioned by) the lender or its employees.

Requirements for Title I Loans. The maximum principal amount for Title I Loans must not exceed the actual cost of the project plus any applicable fees and charges allowed under the Title I Program; provided that the maximum amount does not exceed \$25,000 (or the current applicable amount) for a single family property improvement loan. Generally, the term of a Title I Loan may not be less than six months nor greater than 20 years and 32 days. A borrower may obtain multiple Title I Loans with respect to multiple properties, and a borrower may obtain more than one Title I Loan with respect to a single property, in each case as long as the total outstanding balance of all Title I Loans in the same property does not exceed the maximum loan amount for the type of Title I Loan thereon having the highest permissible loan amount.

Borrower eligibility for a Title I Loan requires that the borrower have at least a one-half interest in either fee simple title to the real property, a lease thereof for a term expiring at least six months after the final maturity of the Title I Loan or a recorded land installment contract for the purchase of the real property, and that the borrower have equity in the property being improved at least equal to the amount of the Title I Loan if the loan amount exceeds \$15,000. Any Title I Loan in excess of \$7,500 must be secured by a recorded lien on the improved property which is evidenced by a mortgage or deed of trust executed by the borrower and all other owners in fee simple.

The proceeds from a Title I Loan may be used only to finance property improvements which substantially protect or improve the basic livability or utility of the property as disclosed in the loan application. The Secretary of HUD has published a list of items and activities which cannot be financed with proceeds from any Title I Loan and from time to time the Secretary of HUD may amend the list of items and activities. With respect to any dealer Title I Loan, before the lender may disburse funds, the lender must have in its possession a completion certificate on a HUD approved form, signed by the borrower and the dealer. With respect to any direct Title I Loan, the borrower is required to submit to the lender, promptly upon completion of the improvements but not later than six months after disbursement of the loan proceeds with one six month extension if necessary, a completion certificate, signed by the borrower. The lender or its agent is required to conduct an on-site inspection on any Title I Loan where the principal obligation is \$7,500 or more, and on any direct Title I Loan where the borrower fails to submit a completion certificate.

FHA Insurance Coverage. Under the Title I Program the FHA establishes an insurance coverage reserve account for each lender which has been granted a Title I insurance contract. The amount of insurance coverage in this account is 10% of the amount disbursed, advanced or expended by the lender in originating or purchasing eligible loans registered with FHA for Title I insurance, with certain adjustments. The balance in the insurance coverage reserve account is the maximum amount of insurance claims the FHA is required to pay. Loans to be insured under the Title I Program will be registered for insurance by the FHA and the insurance coverage attributable to the loans will be included in the insurance coverage reserve account for the originating or purchasing lender following the receipt and acknowledgment by the FHA of a loan report on the prescribed form pursuant to the Title I regulations. The FHA charges a fee of 0.50% per annum of the net proceeds (the original balance) of any eligible loan so reported and acknowledged for insurance by the originating lender. The FHA bills the lender for the insurance premium on each insured loan annually, on approximately the anniversary date of the loan's origination. If an insured loan is prepaid during the year, FHA will not refund the insurance premium, but will abate any insurance charges falling due after the prepayment.

Under the Title I Program the FHA will reduce the insurance coverage available in the lender's FHA insurance coverage reserve account with respect to loans insured under the lender's contract of insurance by (i) the amount of the FHA insurance claims approved for payment relating to the insured loans and (ii) the amount of insurance coverage attributable to insured loans sold by the lender. The balance of the lender's FHA insurance coverage reserve account will be further adjusted as required under Title I or by the FHA, and the insurance coverage therein may be earmarked with respect to each or any eligible loans insured thereunder, if a determination is made by the Secretary of HUD that it is in its interest to do so. Originations and acquisitions of new eligible loans will continue to increase a lender's insurance coverage reserve account balance by 10% of the amount disbursed, advanced or expended in originating or acquiring the eligible loans registered with the FHA for insurance under the Title I Program. The Secretary of HUD may transfer insurance coverage between insurance coverage reserve accounts with earmarking with respect to a particular insured loan or group of insured loans when a determination is made that it is in the Secretary's interest to do so.

The lender may transfer (except as collateral in a bona fide loan transaction) insured loans and loans reported for insurance only to another qualified lender under a valid Title I contract of insurance. Unless an insured loan is transferred with recourse or with a guaranty or repurchase agreement, the FHA, upon receipt of written notification of the transfer of the loan in accordance with the Title I regulations, will transfer from the transferor's insurance coverage reserve account to the transferee's insurance coverage reserve account an amount, if available, equal to 10% of the actual purchase price or the net unpaid principal balance of the loan (whichever is less). However, under the Title I Program not more than \$5,000 in insurance coverage shall be transferred to or from a lender's insurance coverage reserve account during any October 1 to September 30 period without the prior approval of the Secretary of HUD.

Claims Procedures Under Title I. Under the Title I Program the lender may accelerate an insured loan following a default on the loan only after the lender or its agent has contacted the borrower in a face-to-face meeting or by telephone to discuss the reasons for the default and to seek its cure. If the borrower does not cure the default or agree to a modification agreement or repayment plan, the lender will notify the borrower in writing that, unless within 30 days the default is cured or the borrower enters into a modification agreement or repayment plan, the loan will be accelerated and that, if the default persists, the lender will report the default to an appropriate credit agency. The lender may rescind the acceleration of maturity after full payment is due and reinstate the loan only if the borrower brings the loan current, executes a modification agreement or agrees to an acceptable repayment plan.

Following acceleration of maturity upon a secured Title I Loan, the lender may either (a) proceed against the property under any security instrument, or (b) make a claim under the lender's contract of insurance. If the lender chooses to proceed against the property under a security instrument (or if it accepts a voluntary conveyance or surrender of the property), the lender may file an insurance claim only with the prior approval of the Secretary of HUD.

When a lender files an insurance claim with the FHA under the Title I Program, the FHA reviews the claim, the complete loan file and documentation of the lender's efforts to obtain recourse against any dealer who has agreed thereto, certification of compliance with applicable state and local laws in carrying out any foreclosure or repossession, and evidence that the lender has properly filed proofs of claims, where the borrower is bankrupt or

deceased. Generally, a claim for reimbursement for loss on any Title I Loan must be filed with the FHA no later than nine months after the date of default of the loan. Concurrently with filing the insurance claim, the lender shall assign to the United States of America the lender's entire interest in the loan note (or a judgment in lieu of the note), in any security held and in any claim filed in any legal proceedings. If, at the time the note is assigned to the United States, the Secretary has reason to believe that the note is not valid or enforceable against the borrower, the FHA may deny the claim and reassign the note to the lender. If either defect is discovered after the FHA has paid a claim, the FHA may require the lender to repurchase the paid claim and to accept a reassignment of the loan note. If the lender subsequently obtains a valid and enforceable judgment against the borrower, the lender may resubmit a new insurance claim with an assignment of the judgment. The FHA may contest any insurance claim and make a demand for repurchase of the loan at any time up to two years from the date the claim was certified for payment and may do so thereafter in the event of fraud or misrepresentation on the part of the lender.

Under the Title I Program the amount of an FHA insurance claim payment, when made, is equal to the Claimable Amount, up to the amount of insurance coverage in the lender's insurance coverage reserve account. For the purposes hereof, the "Claimable Amount" means an amount equal to 90% of the sum of: (a) the unpaid loan obligation (net unpaid principal and the uncollected interest earned to the date of default) with adjustments thereto if the lender has proceeded against property securing the loan; (b) the interest on the unpaid amount of the loan obligation from the date of default to the date of the claim's initial submission for payment plus 15 calendar days (but not to exceed 9 months from the date of default), calculated at the rate of 7% per annum; (c) the uncollected court costs; (d) the attorney's fees not to exceed \$500; and (e) the expenses for recording the assignment of the security to the United States.

Consumer Protection Laws

Federal, state and local laws extensively regulate various aspects of brokering, originating, servicing and collecting loans secured by consumers' dwellings. Among other things, these laws may regulate interest rates and other charges, require disclosures, impose financial privacy requirements, mandate specific business practices, and prohibit unfair and deceptive trade practices. In addition, licensing requirements may be imposed on persons that broker, originate, service or collect the loans.

Additional requirements may be imposed under federal, state or local laws on so-called "high cost mortgage loans," which typically are defined as loans secured by a consumer's dwelling that have interest rates or origination costs in excess of prescribed levels. These laws may limit certain loan terms, such as prepayment charges, or the ability of a creditor to refinance a loan unless it is in the borrower's interest. In addition, certain of these laws may allow claims against loan brokers or originators, including claims based on fraud or misrepresentations, to be asserted against persons acquiring the loans, such as the trust fund.

The federal laws that may apply to loans held in the trust fund include the following:

- the Truth in Lending Act and its regulations, which (among other things) require disclosures to borrowers regarding the terms of loans and provide consumers who pledged their principal dwelling as collateral in a non-purchase money transaction with a right of rescission that generally extends for three days after proper disclosures are given;
- the Home Ownership and Equity Protection Act and its regulations, which (among other things) imposes additional disclosure requirements and limitations on loan terms with respect to non- purchase money, installment loans secured by the consumer's principal dwelling that have interest rates or origination costs in excess of prescribed levels;
- the Home Equity Loan Consumer Protection Act and its regulations, which (among other things) limits changes that may be made to open-end loans secured by the consumer's dwelling, and restricts the ability to accelerate balances or suspend credit privileges on the loans;

- the Real Estate Settlement Procedures Act and its regulations, which (among other things) prohibit the payment of referral fees for real estate settlement services (including mortgage lending and brokerage services) and regulate escrow accounts for taxes and insurance and billing inquiries made by borrowers;
- the Equal Credit Opportunity Act and its regulations, which (among other things) generally prohibits discrimination in any aspect of a credit transaction on certain enumerated basis, such as age, race, color, sex, religion, marital status, national origin or receipt of public assistance;
- the Fair Credit Reporting Act, which (among other things) regulates the use of consumer reports obtained from consumer reporting agencies and the reporting of payment histories to consumer reporting agencies; and
- the Federal Trade Commission's Rule on Preservation of Consumer Claims and Defenses, which generally provides that the rights of an assignee of a conditional sales contract (or of certain lenders making purchase money loans) to enforce a consumer credit obligation are subject to the claims and defenses that the consumer could assert against the seller of goods or services financed in the credit transaction.

The penalties for violating these federal, state, or local laws vary depending on the applicable law and the particular facts of the situation. However, private plaintiffs typically may assert claims for actual damages and, in some cases, also may recover civil money penalties or exercise a right to rescind the loan. Violations of certain laws may limit the ability to collect all or part of the principal or interest on a loan and, in some cases, borrowers even may be entitled to a refund of amounts previously paid. Federal, state and local administrative or law enforcement agencies also may be entitled to bring legal actions, including actions for civil money penalties or restitution, for violations of certain of these laws.

Depending on the particular alleged misconduct, it is possible that claims may be asserted against various participants in secondary market transactions, including assignees that hold the loans, such as the trust fund. Losses on loans from the application of these federal, state and local laws that are not otherwise covered by a credit enhancement will be borne by the holders of one or more classes of securities.

Material Federal Income Tax Consequences

General

The following is a discussion of the anticipated material federal income tax consequences of the purchase, ownership, and disposition of the securities and is based on advice of special counsel to the depositor ("Tax Counsel"), named in the prospectus supplement. The discussion is based upon the provisions and interpretations of the Code, the regulations promulgated thereunder, including, where applicable, proposed regulations, and the judicial and administrative rulings and decisions now in effect, all of which are subject to change, which change could apply retroactively.

The discussion does not purport to deal with all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor with certain types of investors subject to special treatment under the federal income tax laws. This discussion focuses primarily upon investors who will hold securities as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Code, but much of the discussion is applicable to other investors as well. Prospective Investors are encouraged to consult their own tax advisers concerning the federal, state, local and any other tax consequences to them of the purchase, ownership and disposition of the securities.

The federal income tax consequences to Holders will vary depending on whether

- the securities of a series are classified as indebtedness;

- an election is made to treat the trust fund relating to a particular series of securities as a real estate mortgage investment conduit (“REMIC”) under the Internal Revenue Code of 1986, as amended (the “Code”);
- the securities represent an ownership interest in some or all of the assets included in the trust fund for a series; or
- an election is made to treat the trust fund relating to a particular series of certificates as a partnership.

The prospectus supplement for each series of securities will specify how the securities will be treated for federal income tax purposes and will discuss whether a REMIC election, if any, will be made with respect to the series. The depositor will file with the SEC a Form 8-K on behalf of the related trust fund containing an opinion of Tax Counsel with respect to the validity of the information set forth under “Material Federal Income Tax Consequences” herein and in the related prospectus supplement.

Taxation of Debt Securities

Interest and Acquisition Discount. The income on securities representing regular interests in a REMIC (“Regular Interest Securities”) are generally taxable to holders in the same manner as the income on evidences of indebtedness. Stated interest on the Regular Interest Securities will be taxable as ordinary income and taken into account using the accrual method of accounting, regardless of the Holder’s normal accounting method. Interest (other than original issue discount) on securities (other than Regular Interest Securities) that are characterized as indebtedness for federal income tax purposes will be includible in income by holders thereof in accordance with their usual methods of accounting. Securities characterized as debt for federal income tax purposes and Regular Interest Securities will be referred to hereinafter collectively as “Debt securities.”

Debt securities that are Compound Interest securities will, and certain of the other Debt securities may, be issued with “original issue discount” (“OID”). The following discussion is based in part on the rules governing OID which are set forth in Sections 1271 through 1275 of the Code and the Treasury regulations issued thereunder (the “OID Regulations”). A Holder should be aware, however, that the OID Regulations do not adequately address certain issues relevant to prepayable securities, such as the Debt securities.

In general, OID, if any, will equal the difference between the stated redemption price at maturity of a Debt security and its issue price. A holder of a Debt security must include OID in gross income as ordinary interest income as it accrues under a method taking into account an economic accrual of the discount. In general, OID must be included in income in advance of the receipt of the cash representing that income. The amount of OID on a Debt security will be considered to be zero, however if the interest is less than a de minimis amount as determined under the Code.

The issue price of a Debt security is the first price at which a substantial amount of Debt securities of that class are sold to the public (excluding bond houses, brokers, underwriters or wholesalers). If less than a substantial amount of a particular class of Debt securities is sold for cash on or prior to the related closing date, the issue price for the class will be treated as the fair market value of the class on the closing date. The issue price of a Debt security also includes the amount paid by an initial Debt security holder for accrued interest that relates to a period prior to the issue date of the Debt security. The stated redemption price at maturity of a Debt security includes the original principal amount of the Debt security, but generally will not include distributions of interest if the distributions constitute “qualified stated interest.”

Under the OID Regulations, qualified stated interest generally means interest payable at a single fixed rate or qualified variable rate (as described below) provided that the interest payments are unconditionally payable at intervals of one year or less during the entire term of the Debt security. The OID Regulations state that interest payments are unconditionally payable only if a late payment or nonpayment is expected to be penalized or reasonable remedies exist to compel payment. Certain Debt securities may provide for default remedies in the event of late payment or nonpayment of interest. The interest on those Debt securities will be unconditionally payable and constitute qualified stated interest, not OID. However, absent clarification of the OID Regulations, where Debt securities do not provide for default remedies, the interest payments will be included in the Debt security’s stated

redemption price at maturity and taxed as OID. Interest is payable at a single fixed rate only if the rate appropriately takes into account the length of the interval between payments. Distributions of interest on Debt securities with respect to which deferred interest will accrue, will not constitute qualified stated interest payments, in which case the stated redemption price at maturity of those Debt securities includes all distributions of interest as well as principal thereon. If the interval between the issue date and the first distribution date on a Debt security is longer than the interval between subsequent distribution dates, but the amount of the distribution is not adjusted to reflect the longer interval, then for purposes of determining whether the Debt security has de minimis OID, the stated redemption price of the Debt security is treated as the issue price (determined as described above) plus the greater of (i) the amount of the distribution foregone or (ii) the excess (if any) of the Debt security's stated principal over its issue price. If the interval between the issue date and the first distribution date on a Debt security is shorter than the interval between subsequent distribution dates, but the amount of the distribution is not adjusted to reflect the shorter interval, then for the purposes of determining the OID, if any, on the Debt security, the excess amount of the distribution would be added to the Debt security's stated redemption price.

Under the de minimis rule, OID on a Debt security will be considered to be zero if the OID is less than 0.25% of the stated redemption price at maturity of the Debt security multiplied by the weighted average maturity of the Debt security. The weighted average maturity of a Debt security is the sum of the weighted maturity of each payment of the Debt security's stated redemption price. The weighted maturity of each stated redemption price payment is (i) the number of complete years from the issue date until the payment is made, multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Debt security's total stated redemption price.

Although currently unclear, it appears that the projected payments of stated redemption price should be based on a schedule that is determined in accordance with the Prepayment Assumption. The Prepayment Assumption with respect to a series of Regular Certificates will be set forth in the related prospectus supplement. Holders generally must report de minimis OID pro rata as principal payments are received, and that income will be capital gain if the Debt security is held as a capital asset. However, holders may elect to accrue all de minimis OID as well as market discount under a constant interest method.

Debt securities may provide for interest based on a qualified variable rate. Under the OID Regulations, interest is treated as payable at a qualified variable rate and not as contingent interest if, generally,

- the interest is unconditionally payable at least annually,
- the issue price of the debt instrument does not exceed the total noncontingent principal payments and
- interest is based on a "qualified floating rate," an "objective rate," or a combination of "qualified floating rates" that do not operate in a manner that significantly accelerates or defers interest payments on the Debt security.

In the case of Compound Interest securities, certain Interest Weighted Securities (as defined herein), and certain of the other Debt securities, none of the payments under the instrument will be considered qualified stated interest, and thus the aggregate amount of all payments will be included in the stated redemption price.

The Internal Revenue Service (the "IRS") issued final regulations in June 1996 (the "Contingent Regulations") governing the calculation of OID on instruments having contingent interest payments. The Contingent Regulations specifically do not apply for purposes of calculating OID on debt instruments subject to Code Section 1272(a)(6), such as the Debt securities. Additionally, the OID Regulations do not contain provisions specifically interpreting Code Section 1272(a)(6). Until the Treasury issues guidance to the contrary, the trustee intends to base its computation on Code Section 1272(a)(6) and the OID Regulations as described in this prospectus. However, because no regulatory guidance currently exists under Code Section 1272(a)(6), we can give no assurance that the methodology represents the correct manner of calculating OID.

The holder of a Debt security issued with OID must include in gross income, for all days during its taxable year on which it holds the Debt security, the sum of the "daily portions" of the original issue discount. The amount

of OID includible in income by a holder will be computed by allocating to each day during a taxable year a pro rata portion of the original issue discount that accrued during the relevant accrual period. In the case of a Debt security that is not a Regular Interest Security and the principal payments on which are not subject to acceleration resulting from prepayments on the loans, the amount of OID includible in income of a Holder for an accrual period (generally the period over which interest accrues on the debt instrument) will equal the product of the yield to maturity of the Debt security and the adjusted issue price of the Debt security, reduced by any payments of qualified stated interest. The adjusted issue price of a Debt security is the sum of its issue price plus prior accruals of OID, reduced by the total payments other than qualified stated interest payments made with respect to the Debt security in all prior periods.

The amount of OID to be included in income by a holder of a debt instrument, such as certain Classes of the Debt securities, that is subject to acceleration due to prepayments on other debt obligations securing the instruments (a "Pay-Through Security"), is computed by taking into account the anticipated rate of prepayments assumed in pricing the debt instrument (the "Prepayment Assumption"). The amount of OID that will accrue during an accrual period on a Pay-Through Security is the excess (if any) of (i) the sum of (a) the present value of all payments remaining to be made on the Pay-Through Security as of the close of the accrual period and (b) the payments during the accrual period of amounts included in the stated redemption price of the Pay-Through Security, over (ii) the adjusted issue price of the Pay-Through Security at the beginning of the accrual period. The present value of the remaining payments is to be determined on the basis of three factors: (i) the original yield to maturity of the Pay-Through Security (determined on the basis of compounding at the end of each accrual period and properly adjusted for the length of the accrual period), (ii) events which have occurred before the end of the accrual period and (iii) the assumption that the remaining payments will be made in accordance with the original Prepayment Assumption. The effect of this method is to increase the portions of OID required to be included in income by a Holder to take into account prepayments with respect to the loans at a rate that exceeds the Prepayment Assumption, and to decrease (but not below zero for any period) the portions of original issue discount required to be included in income by a Holder of a Pay-Through Security to take into account prepayments with respect to the loans at a rate that is slower than the Prepayment Assumption. Although original issue discount will be reported to Holders of Pay-Through Securities based on the Prepayment Assumption, no representation is made to Holders that loans will be prepaid at that rate or at any other rate.

The depositor may adjust the accrual of OID on a Class of Regular Interest Securities (or other regular interests in a REMIC) in a manner that it believes to be appropriate, to take account of realized losses on the loans, although the OID Regulations do not provide for those adjustments. If the IRS were to require that OID be accrued without the adjustments, the rate of accrual of OID for a Class of Regular Interest Securities could increase.

Certain classes of Regular Interest Securities may represent more than one class of REMIC regular interests. Unless otherwise provided in the related prospectus supplement, the trustee intends, based on the OID Regulations, to calculate OID on those securities as if, solely for the purposes of computing OID, the separate regular interests were a single debt instrument.

A subsequent holder of a Debt security will also be required to include OID in gross income, but such a holder who purchases the Debt security for an amount that exceeds its adjusted issue price will be entitled (as will an initial holder who pays more than a Debt security's issue price) to offset the OID by comparable economic accruals of portions of the excess.

Effects of Defaults and Delinquencies. Holders will be required to report income with respect to the related securities under an accrual method without giving effect to delays and reductions in distributions attributable to a default or delinquency on the loans, except possibly to the extent that it can be established that the amounts are uncollectible. As a result, the amount of income (including OID) reported by a holder of such a security in any period could significantly exceed the amount of cash distributed to the holder in that period. The holder will eventually be allowed a loss (or will be allowed to report a lesser amount of income) to the extent that the aggregate amount of distributions on the securities is reduced as a result of a loan default. However, the timing and character of the losses or reductions in income are uncertain and, accordingly, holders of securities are encouraged to consult their tax advisors on this point.

Interest Weighted Securities. It is not clear how income should be accrued with respect to Regular Interest Securities or Stripped Securities (as defined under “— Tax Status as a Grantor Trust; General” herein) the payments on which consist solely or primarily of a specified portion of the interest payments on qualified mortgages held by the REMIC or on loans underlying Pass-Through Securities (“Interest Weighted Securities”). The Issuer intends to take the position that all of the income derived from an Interest Weighted Security should be treated as OID and that the amount and rate of accrual of the OID should be calculated by treating the Interest Weighted Security as a Compound Interest security. However, in the case of Interest Weighted Securities that are entitled to some payments of principal and that are Regular Interest Securities the IRS could assert that income derived from an Interest Weighted Security should be calculated as if the security were a security purchased at a premium equal to the excess of the price paid by the holder for the security over its stated principal amount, if any. Under this approach, a holder would be entitled to amortize the premium only if it has in effect an election under Section 171 of the Code with respect to all taxable debt instruments held by the holder, as described below. Alternatively, the IRS could assert that an Interest Weighted Security should be taxable under the rules governing bonds issued with contingent payments. That treatment may be more likely in the case of Interest Weighted Securities that are Stripped Securities as described below. See “— Tax Status as a Grantor Trust — Discount or Premium on Pass-Through Securities.”

Variable Rate Debt Securities. In the case of Debt securities bearing interest at a rate that varies directly, or according to a fixed formula, with an objective index, it appears that (i) the yield to maturity of the Debt securities and (ii) in the case of Pay-Through Securities, the present value of all payments remaining to be made on the Debt securities, should be calculated as if the interest index remained at its value as of the issue date of the securities. Because the proper method of adjusting accruals of OID on a variable rate Debt security is uncertain, holders of variable rate Debt securities are encouraged to consult their tax advisers regarding the appropriate treatment of the securities for federal income tax purposes.

Market Discount. A purchaser of a security may be subject to the market discount rules of Sections 1276 through 1278 of the Code. A Holder that acquires a Debt security with more than a prescribed de minimis amount of “market discount” (generally, the excess of the principal amount of the Debt security over the purchaser’s purchase price) will be required to include accrued market discount in income as ordinary income in each month, but limited to an amount not exceeding the principal payments on the Debt security received in that month and, if the securities are sold, the gain realized. That market discount would accrue in a manner to be provided in Treasury regulations but, until the regulations are issued, the market discount would in general accrue either (i) on the basis of a constant yield (in the case of a Pay-Through Security, taking into account a prepayment assumption) or (ii) (a) in the case of securities (or in the case of a Pass-Through Security (as defined herein), as set forth below, the loans underlying the security) not originally issued with original issue discount, on the basis of the rates of the stated interest payable in the relevant period to total stated interest remaining to be paid at the beginning of the period or (b) in the case of securities (or, in the case of a Pass-Through Security, as described below, the loans underlying the security) originally issued at a discount, on the basis of the rates of the OID in the relevant period to total OID remaining to be paid.

Section 1277 of the Code provides that, regardless of the origination date of the Debt security (or, in the case of a Pass-Through Security, the underlying loans), the excess of interest paid or accrued to purchase or carry a security (or, in the case of a Pass-Through Security, as described below, the underlying loans) with market discount over interest received on the security is allowed as a current deduction only to the extent the excess is greater than the market discount that accrued during the taxable year in which the interest expense was incurred. In general, the deferred portion of any interest expense will be deductible when the market discount is included in income, including upon the sale, disposition, or repayment of the security (or in the case of a Pass-Through Security, an underlying loan). A holder may elect to include market discount in income currently as it accrues, on all market discount obligations acquired by the holder during the taxable year the election is made and thereafter, in which case the interest deferral rule will not apply.

Premium. A holder who purchases a Debt security (other than an Interest Weighted Security to the extent described above) at a cost greater than its stated redemption price at maturity, generally will be considered to have purchased the security at a premium, which it may elect to amortize as an offset to interest income on the security (and not as a separate deduction item) on a constant yield method. Although no regulations addressing the computation of premium accrual on securities similar to the securities have been issued, the legislative history of the

1986 Act indicates that premium is to be accrued in the same manner as market discount. Accordingly, it appears that the accrual of premium on a Class of Pay-Through Securities will be calculated using the prepayment assumption used in pricing the Class. If a holder makes an election to amortize premium on a Debt security, the election will apply to all taxable debt instruments (including all REMIC regular interests and all pass-through certificates representing ownership interests in a trust holding debt obligations) held by the holder at the beginning of the taxable year in which the election is made, and to all taxable debt instruments acquired thereafter by the holder, and will be irrevocable without the consent of the IRS. Purchasers who pay a premium for the securities are encouraged to consult their tax advisers regarding the election to amortize premium and the method to be employed.

The Treasury has issued regulations (the “Final Bond Premium Regulations”) dealing with amortizable bond premium. These regulations specifically do not apply to prepayable debt instruments subject to Code Section 1272(a)(6) such as the securities. Absent further guidance from the IRS, the trustee intends to account for amortizable bond premium in the manner described above. Prospective purchasers of the securities are encouraged to consult their tax advisers regarding the possible application of the Final Bond Premium Regulations.

Election to Treat All Interest as Original Issue Discount. The OID Regulations permit a holder of a Debt security to elect to accrue all interest, discount (including de minimis market or original issue discount) and premium in income as interest, based on a constant yield method for Debt securities acquired on or after April 4, 1994. If such an election were to be made with respect to a Debt security with market discount, the holder of the Debt security would be deemed to have made an election to include in income currently market discount with respect to all other debt instruments having market discount that the holder of the Debt security acquires during the year of the election or thereafter. Similarly, a holder of a Debt security that makes this election for a Debt security that is acquired at a premium will be deemed to have made an election to amortize bond premium with respect to all debt instruments having amortizable bond premium that the holder owns or acquires. The election to accrue interest, discount and premium on a constant yield method with respect to a Debt security is irrevocable.

Taxation of the REMIC and Its Holders

General. In the opinion of Tax Counsel, if one or more REMIC elections are made with respect to a series of securities, then the arrangement by which the securities of that series are issued will be treated as one or more REMICs as long as all of the provisions of the applicable Agreement are complied with and the statutory and regulatory requirements are satisfied. Securities will be designated as “Regular Interests” or “Residual Interests” in a REMIC, as specified in the related prospectus supplement.

Except to the extent specified otherwise in a prospectus supplement, if one or more REMIC elections are made with respect to a series of securities, (i) securities held by a domestic building and loan association will constitute “a regular or a residual interest in a REMIC” within the meaning of Code Section 7701(a)(19)(C)(xi) (assuming that at least 95% of the REMIC’s assets consist of cash, government securities, “loans secured by an interest in real property,” and other types of assets described in Code Section 7701(a)(19)(C)); and (ii) securities held by a real estate investment trust will constitute “real estate assets” within the meaning of Code Section 856(c)(5)(B), and income with respect to the securities will be considered “interest on obligations secured by mortgages on real property or on interests in real property” within the meaning of Code Section 856(c)(3)(B) (assuming, for both purposes, that at least 95% of the REMIC’s assets are qualifying assets). If less than 95% of the REMIC’s assets consist of assets described in (i) or (ii) above, then a security will qualify for the tax treatment described in (i), (ii) or (iii) in the proportion that those REMIC assets (and income in the case of (ii)) are qualifying assets (and income).

REMIC Expenses; Single Class REMICs

As a general rule, all of the expenses of a REMIC will be taken into account by holders of the Residual Interests. In the case of a “single class REMIC,” however, the expenses will be allocated, under Treasury regulations, among the holders of the Regular Interest Securities and the holders of the Residual Interests (as defined herein) on a daily basis in proportion to the relative amounts of income accruing to each Holder on that day. In the case of a holder of a Regular Interest Security who is an individual or a “pass-through interest holder” (including certain pass-through entities but not including real estate investment trusts), the expenses will be deductible only to the extent that the expenses, plus other “miscellaneous itemized deductions” of the Holder, exceed 2% of the

Holder's adjusted gross income. In addition, the amount of itemized deductions otherwise allowable for the taxable year for an individual whose adjusted gross income exceeds the applicable amount (which amount will be adjusted for inflation) will be reduced by the lesser of

- 3% of the excess of adjusted gross income over the applicable amount, or
- 80% of the amount of itemized deductions otherwise allowable for the taxable year.

These percentages are scheduled to be reduced starting in 2006 and return to current levels in 2010. The reduction or disallowance of this deduction may have a significant impact on the yield of the Regular Interest Security to such a Holder. In general terms, a single class REMIC is one that either

- would qualify, under existing Treasury regulations, as a grantor trust if it were not a REMIC (treating all interests as ownership interests, even if they would be classified as debt for federal income tax purposes) or
- is similar to such a trust and which is structured with the principal purpose of avoiding the single class REMIC rules.

The applicable prospectus supplement may provide for the allocation of REMIC expenses, but if it does not, the expenses of the REMIC will be allocated to holders of the related Residual Interests.

Taxation of the REMIC

General. Although a REMIC is a separate entity for federal income tax purposes, a REMIC is not generally subject to entity-level tax. Rather, the taxable income or net loss of a REMIC is taken into account by the holders of Residual Interests. As described above, the regular interests are generally taxable as debt of the REMIC.

Calculation of REMIC Income. The taxable income or net loss of a REMIC is determined under an accrual method of accounting and in the same manner as in the case of an individual, with certain adjustments. In general, the taxable income or net loss will be the difference between

- the gross income produced by the REMIC's assets, including stated interest and any original issue discount or market discount on loans and other assets, and
- deductions, including stated interest and original issue discount accrued on Regular Interest Securities, amortization of any premium with respect to loans, and servicing fees and other expenses of the REMIC.

A holder of a Residual Interest that is an individual or a "pass-through interest holder" (including certain pass-through entities, but not including real estate investment trusts) will be unable to deduct servicing fees payable on the loans or other administrative expenses of the REMIC for a given taxable year, to the extent that the expenses, when aggregated with the holder's other miscellaneous itemized deductions for that year, do not exceed two percent of the holder's adjusted gross income.

For purposes of computing its taxable income or net loss, the REMIC should have an initial aggregate tax basis in its assets equal to the aggregate fair market value of the regular interests and the Residual Interests on the Startup Day (generally, the day that the interests are issued). That aggregate basis will be allocated among the assets of the REMIC in proportion to their respective fair market values.

Subject to possible application of the de minimis rules, the method of accrual by the REMIC of OID income on mortgage loans will be equivalent to the method under which holders of Pay-Through Securities accrue original issue discount (that is, under the constant yield method taking into account the Prepayment Assumption). The REMIC will deduct OID on the Regular Interest Securities in the same manner that the holders of the Regular Interest Securities include the discount in income, but without regard to the de minimis rules. See "Taxation of Debt

Securities” above. However, a REMIC that acquires loans at a market discount must include that market discount in income currently, as it accrues, on a constant yield basis.

To the extent that the REMIC’s basis allocable to loans that it holds exceeds their principal amounts, the resulting premium will be amortized over the life of the loans (taking into account the Prepayment Assumption) on a constant yield method. Although the law is somewhat unclear regarding recovery of premium attributable to loans originated on or before that date, it is possible that the premium may be recovered in proportion to payments of loan principal.

Prohibited Transactions and Contributions Tax. The REMIC will be subject to a 100% tax on any net income derived from a “prohibited transaction.” For this purpose, net income will be calculated without taking into account any losses from prohibited transactions or any deductions attributable to any prohibited transaction that resulted in a loss. In general, prohibited transactions include:

- subject to limited exceptions, the sale or other disposition of any qualified mortgage transferred to the REMIC;
- subject to a limited exception, the sale or other disposition of a cash flow investment;
- the receipt of any income from assets not permitted to be held by the REMIC pursuant to the Code; or
- the receipt of any fees or other compensation for services rendered by the REMIC.

It is anticipated that a REMIC will not engage in any prohibited transactions in which it would recognize a material amount of net income. In addition, subject to a number of exceptions, a tax is imposed at the rate of 100% on amounts contributed to a REMIC after the close of the three-month period beginning on the Startup Day. The holders of Residual Interests will generally be responsible for the payment of any such taxes imposed on the REMIC. To the extent not paid by the holders or otherwise, however, the taxes will be paid out of the trust fund and will be allocated pro rata to all outstanding classes of securities of the REMIC.

Taxation of Holders of Residual Interests

The holder of a security representing a residual interest (a “Residual Interest”) will take into account the “daily portion” of the taxable income or net loss of the REMIC for each day during the taxable year on which the holder held the Residual Interest. The daily portion is determined by allocating to each day in any calendar quarter its ratable portion of the taxable income or net loss of the REMIC for the quarter, and by allocating that amount among the holders (on that day) of the Residual Interests in proportion to their respective holdings on that day.

The holder of a Residual Interest must report its proportionate share of the taxable income of the REMIC whether or not it receives cash distributions from the REMIC attributable to the income or loss. The reporting of taxable income without corresponding distributions could occur, for example, in certain REMIC issues in which the loans held by the REMIC were issued or acquired at a discount, since mortgage prepayments cause recognition of discount income, while the corresponding portion of the prepayment could be used in whole or in part to make principal payments on REMIC Regular Interests issued without any discount or at an insubstantial discount (if this occurs, it is likely that cash distributions will exceed taxable income in later years). Taxable income may also be greater in earlier years of certain REMIC issues as a result of the fact that interest expense deductions, as a percentage of outstanding principal on REMIC Regular Interest Securities, will typically increase over time as lower yielding securities are paid, whereas interest income with respect to loans will generally remain constant over time as a percentage of loan principal.

In any event, because the holder of a Residual Interest is taxed on the net income of the REMIC, the taxable income derived from a Residual Interest in a given taxable year will not be equal to the taxable income associated with investment in a corporate bond or stripped instrument having similar cash flow characteristics and

pretax yield. Therefore, the after-tax yield on the Residual Interest may be less than that of such a bond or instrument.

Limitation on Losses. The amount of the REMIC's net loss that a holder may take into account currently is limited to the holder's adjusted basis in the Residual Interest at the end of the calendar quarter in which the loss arises. A holder's basis in a Residual Interest will initially equal the holder's purchase price, and will subsequently be increased by the amount of the REMIC's taxable income allocated to the holder, and decreased (but not below zero) by the amount of distributions made and the amount of the REMIC's net loss allocated to the holder. Any disallowed loss may be carried forward indefinitely, but may be used only to offset income of the REMIC generated by the same REMIC. The ability of holders of Residual Interests to deduct net losses may be subject to additional limitations under the Code, as to which the holders are encouraged to consult their tax advisers.

Distributions. Distributions on a Residual Interest (whether at their scheduled times or as a result of prepayments) will generally not result in any additional taxable income or loss to a holder of a Residual Interest. If the amount of the payment exceeds a holder's adjusted basis in the Residual Interest, however, the holder will recognize gain (treated as gain from the sale of the Residual Interest) to the extent of the excess.

Sale or Exchange. A holder of a Residual Interest will recognize gain or loss on the sale or exchange of a Residual Interest equal to the difference, if any, between the amount realized and the holder's adjusted basis in the Residual Interest at the time of the sale or exchange. Any loss from the sale of a Residual Interest will be subject to the "wash sale" rules of Code Section 1091 if, during the period beginning six months before and ending six months after the sale of the Residual Interest, the seller reacquires the Residual Interest, or acquires (i) a Residual Interest in any other REMIC, (ii) a similar interest in a "taxable mortgage pool" (as defined in Code Section 7701(i)) or (iii) an ownership interest in a FASIT (as defined in Code Section 860L). In general, under the wash sale rules, loss from the Residual Interest will be disallowed and the Residual Interest Holder's basis in the replacement interest will be the basis in the Residual Interest that was sold, decreased or increased, as the case may be, by the difference between the selling price of the Residual Interest and the purchase price of the replacement interest.

Excess Inclusions. The portion of the REMIC taxable income of a holder of a Residual Interest consisting of "excess inclusion" income may not be offset by other deductions or losses, including net operating losses, on the holder's federal income tax return. Further, if the holder of a Residual Interest is an organization subject to the tax on unrelated business income imposed by Code Section 511, the holder's excess inclusion income will be treated as unrelated business taxable income of the holder. In addition, under Treasury regulations yet to be issued, if a real estate investment trust, a regulated investment company, a common trust fund, or certain cooperatives were to own a Residual Interest, a portion of dividends (or other distributions) paid by the real estate investment trust (or other entity) would be treated as excess inclusion income. If a Residual Interest is owned by a foreign person, excess inclusion income is subject to tax at a rate of 30%, which may not be reduced by treaty, is not eligible for treatment as "portfolio interest" and is subject to certain additional limitations. See "Tax Treatment of Foreign Investors."

Three special rules apply for determining the effect of excess inclusions on the alternative minimum taxable income of a residual holder. First, alternative minimum taxable income for the residual holder is determined without regard to the rule that taxable income cannot be less than excess inclusions. Second, a residual holder's alternative minimum taxable income for a tax year cannot be less than excess inclusions for the year. Third, the amount of any alternative minimum tax net operating loss deductions must be computed without regard to any excess inclusions.

In the case of a Residual Interest that has no significant value, the excess inclusion portion of a REMIC's income is generally equal to all of the REMIC taxable income allocable to the residual holder. In other cases, the excess inclusion portion of a REMIC's income is generally equal to the excess, if any, of REMIC taxable income for the quarterly period allocable to a Residual Interest, over the daily accruals for the quarterly period of (i) 120% of the long term applicable federal rate on the Startup Day multiplied by (ii) the adjusted issue price of the Residual Interest at the beginning of the quarterly period. The adjusted issue price of a Residual Interest at the beginning of each calendar quarter will equal its issue price (calculated in a manner analogous to the determination of the issue price of a Regular Interest), increased by the aggregate of the daily accruals for prior calendar quarters, and decreased (but not below zero) by the amount of loss allocated to a holder and the amount of distributions made on the Residual Interest before the beginning of the quarter. The long-term federal rate, which is announced monthly

by the Treasury Department, is an interest rate that is based on the average market yield of outstanding marketable obligations of the United States government having remaining maturities in excess of nine years.

Under the REMIC Regulations, in certain circumstances, transfers of Residual Interests may be disregarded. See “— Restrictions on Ownership and Transfer of Residual Interests” and “— Tax Treatment of Foreign Investors” below.

Restrictions on Ownership and Transfer of Residual Interests. As a condition to qualification as a REMIC, reasonable arrangements must be made to prevent the ownership of a Residual Interest by any “Disqualified Organization.” Disqualified Organizations include the United States, any State or political subdivision thereof, any foreign government, any international organization, or any agency or instrumentality of any of the foregoing, a rural electric or telephone cooperative described in Section 1381(a)(2)(C) of the Code, or any entity exempt from the tax imposed by Sections 1 through 1399 of the Code, if the entity is not subject to tax on its unrelated business income. Accordingly, the applicable Pooling and Servicing Agreement will prohibit Disqualified Organizations from owning a Residual Interest. In addition, no transfer of a Residual Interest will be permitted unless the proposed transferee shall have furnished to the trustee an affidavit representing and warranting that it is neither a Disqualified Organization nor an agent or nominee acting on behalf of a Disqualified Organization.

If a Residual Interest is transferred to a Disqualified Organization in violation of the restrictions set forth above, a substantial tax can be imposed on the transferor of the Residual Interest at the time of the transfer. In addition, if a Disqualified Organization holds an interest in a pass-through entity (including, among others, a partnership, trust, real estate investment trust, regulated investment company, or any person holding as nominee), that owns a Residual Interest, the pass-through entity will be required to pay an annual tax on the Disqualified Organization’s pass-through share of the excess inclusion income of the REMIC. If an “electing large partnership” holds a Residual Interest, all interests in the electing large partnership are treated as held by disqualified organizations for purposes of the tax imposed upon a pass-through entity under section 860E(e) of the Code. An exception to this tax, otherwise available to a pass-through entity that is furnished certain affidavits by record holders of interests in the entity and that does not know the affidavits are false, is not available to an electing large partnership.

Noneconomic Residual Interests. The REMIC Regulations disregard, for federal income tax purposes, any transfer of a Noneconomic Residual Interest to a “U.S. Transferee” unless no significant purpose of the transfer is to enable the transferor to impede the assessment or collection of tax. For this purpose, a U.S. Transferee means a U.S. Person as defined under “Certain Federal Income Tax Consequences — Non-REMIC Certificates — Non-U.S. Persons.” A U.S. Transferee also includes foreign entities and individuals (Non-U.S. Persons) but only if their income from the Residual Interest is subject to tax under Code Section 871(b) or Code Section 882 (income effectively connected with a U.S. trade or business). If the transfer of a Noneconomic Residual Interest is disregarded, the transferor continues to be treated as the owner of the Residual Interest and continues to be subject to tax on its allocable portion of the net income of the REMIC.

A Residual Interest (including a Residual Interest with a positive value at issuance) is a “Noneconomic Residual Interest” at the time of transfer unless, (i) taking into account the Prepayment Assumption and any required or permitted clean up calls or required liquidation provided for in the REMIC’s organizational documents, the present value of the expected future distributions on the Residual Interest at least equals the product of (A) the present value of the anticipated excess inclusions and (B) the highest corporate income tax rate in effect for the year in which the transfer occurs, and (ii) the transferor reasonably expects that the transferee will receive distributions from the REMIC at or after the time at which taxes accrue on the anticipated excess inclusions in an amount sufficient to satisfy the accrued taxes. A transfer of a Noneconomic Residual Interest has a “significant purpose to impede the assessment or collection of tax” if, at the time of transfer, the transferor either knew or should have known (had “Improper Knowledge”) that the transferee would be unwilling or unable to pay taxes due on its share of the taxable income of the REMIC.

The REMIC Regulations also provide a safe harbor under which the transferor of a Noneconomic Residual Interest is presumed not to have Improper Knowledge at the time of transfer if the following conditions are met: (i) the transferor conducts a reasonable investigation of the financial condition of the transferee, finds that the transferee has historically paid its debts as they came due, and finds no significant evidence to indicate that the transferee will

not continue to pay its debts as they come due; (ii) the transferee represents that it understands that as a result of holding the Noneconomic Residual Interest, it may incur tax liabilities in excess of any cash flows generated by the Noneconomic Residual Interest and intends to pay taxes associated with holding the Noneconomic Residual Interest as they become due; (iii) the transferee represents that it will not cause income from the Noneconomic Residual Interest to be attributable to a foreign permanent establishment or fixed base (within the meaning of an applicable income tax treaty) (“Offshore Location”) of the transferee or another U.S. taxpayer; (iv) the transferee is not located in an Offshore Location; and (v) the transferee meets either the Formula Test or the Asset Test.

A transfer of a Noneconomic Residual Interest meets the Formula Test if the present value of the anticipated tax liabilities associated with holding the Residual Interest does not exceed the sum of, (i) the present value of any consideration given to the transferee to acquire the interest; (ii) the present value of the expected future distributions on the interest; and (iii) the present value of the anticipated tax savings associated with holding the interest as the REMIC generates losses. For purposes of the Formula Test the transferee is assumed to pay tax at a rate equal to the highest corporate rate of tax specified in Code Section 11(b)(1). If, however, the transferee has been subject to the alternative minimum tax (“AMT”) under Code Section 55 in the preceding two years and will compute its taxable income in the current taxable year using the AMT rate, then the transferee can assume that it pays tax at the AMT rate specified in Code Section 55(b)(1)(B). Present values are computed using a discount rate equal to the Federal short-term rate prescribed by Code Section 1274(d) for the month of the transfer and the compounding period used by the transferee.

The Asset Test only applies in cases where the transferee is an Eligible Corporation. To be an Eligible Corporation, the transferee must be a taxable domestic C corporation other than a regulated investment company, a real estate investment trust, a REMIC or a cooperative. In addition, regardless of who the transferee may be, the transfer of a Residual Interest to an Offshore Location does not qualify as a transfer to an Eligible Corporation even if the Offshore Location is only a branch of an Eligible Corporation and not a separate legal entity. A transfer of a Noneconomic Residual Interest meets the Asset Test if at the time of the transfer, and at the close of each of the transferee’s two fiscal years preceding the year of transfer, the transferee’s gross assets for financial reporting purposes exceed \$100 million and its net assets for financial reporting purposes exceed \$10 million. The gross assets and net assets of a transferee do not include any obligation of any person related to the transferee (such as a shareholder, partner, affiliate or sister corporation) or any asset acquired for a principal purpose of satisfying the Asset Test. In addition, the transferee must make a written agreement that any subsequent transfer of the interest will be to another Eligible Corporation in a transaction that satisfies the Asset Test. A transfer fails to meet this requirement if the transferor knows, or has reason to know, that the transferee will not honor the restrictions on subsequent transfers. Finally, the facts and circumstances known to the transferor on or before the date of the transfer must not reasonably indicate that the taxes associated with the Residual Interest will not be paid. The consideration given to the transferee to acquire the non-economic Residual Interest in the REMIC is only one factor to be considered. However, if the amount of consideration is so low that under any set of reasonable assumptions a reasonable person would conclude that the taxes associated with holding the Residual Interest will not be paid, then the transferor is deemed to know that the transferee cannot or will not pay. In determining whether the amount is too low, the specific terms of the Formula Test need not be used.

Treatment of Inducement Fees. The Treasury Department has issued final regulations, effective May 11, 2004, which address the federal income tax treatment of “inducement fees” received by transferees of Noneconomic Residual Interests. The final regulations require inducement fees to be included in income over a period reasonably related to the period in which the related Residual Interest is expected to generate taxable income or net loss allocable to the holder. The final regulations provide two safe harbor methods, which permit transferees to include inducement fees in income either (i) in the same amounts and over the same periods that the taxpayer uses for financial reporting purposes, provided that the period is not shorter than the period the REMIC is expected to generate taxable income or (ii) ratably over the remaining anticipated weighted average life of all the Regular and Residual Interests issued by the REMIC, determined based on actual distributions projected as remaining to be made on the interests under the prepayment assumption. If the holder of a Residual Interest sells or otherwise disposes of the Residual Interest, any unrecognized portion of the inducement fee must be taken into account at the time of the sale or disposition. The final regulations also provide that an inducement fee shall be treated as income from sources within the United States. In addition, the IRS has issued administrative guidance addressing the procedures by which transferees of Noneconomic Residual Interests may obtain automatic consent from the IRS to change the method of accounting for REMIC inducement fee income to one of the safe harbor methods provided in these final

regulations (including a change from one safe harbor method to the other safe harbor method). Prospective purchasers of the Residual Interests are encouraged to consult with their tax advisors regarding the effect of these final regulations and the related guidance regarding the procedures for obtaining automatic consent to change the method of accounting.

Mark to Market Rules. Prospective purchasers of a Residual Interest should be aware that a Residual Interest acquired after January 3, 1995 cannot be marked-to-market.

Administrative Matters

A REMIC's books must be maintained on a calendar year basis and a REMIC must file an annual federal income tax return. Ordinarily, a REMIC will also be subject to the procedural and administrative rules of the Code applicable to partnerships, including the determination of any adjustments to, among other things, items of REMIC income, gain, loss, deduction, or credit, by the IRS in a unified administrative proceeding.

Tax Status as a Grantor Trust

General. As specified in the related prospectus supplement if REMIC or partnership elections are not made, in the opinion of Tax Counsel, the trust fund relating to a series of securities will be classified for federal income tax purposes as a grantor trust under Subpart E, Part I of Subchapter J of the Code and not as a corporation (the securities of that series, "Pass-Through Securities"). In some series there will be no separation of the principal and interest payments on the loans. In those circumstances, a Holder will be considered to have purchased a pro rata undivided interest in each of the loans. In other cases ("Stripped Securities"), sale of the securities will produce a separation in the ownership of all or a portion of the principal payments from all or a portion of the interest payments on the loans.

Each Holder must report on its federal income tax return its share of the gross income derived from the loans (not reduced by the amount payable as fees to the trustee and the servicer and similar fees (collectively, the "Servicing Fee")), at the same time and in the same manner as those items would have been reported under the Holder's tax accounting method had it held its interest in the loans directly, received directly its share of the amounts received with respect to the loans, and paid directly its share of the Servicing Fees. In the case of Pass-Through Securities other than Stripped Securities, that income will consist of a pro rata share of all of the income derived from all of the loans and, in the case of Stripped Securities, that income will consist of a pro rata share of the income derived from each stripped bond or stripped coupon in which the Holder owns an interest. The holder of a security will generally be entitled to deduct the Servicing Fees under Section 162 or Section 212 of the Code to the extent that the Servicing Fees represent "reasonable" compensation for the services rendered by the trustee and the servicer (or third parties that are compensated for the performance of services). In the case of a noncorporate holder, however, Servicing Fees (to the extent not otherwise disallowed, e.g., because they exceed reasonable compensation) will be deductible in computing the holder's regular tax liability only to the extent that the fees, when added to other miscellaneous itemized deductions, exceed 2% of adjusted gross income and may not be deductible to any extent in computing the holder's alternative minimum tax liability. In addition, the amount of itemized deductions otherwise allowable for the taxable year for an individual whose adjusted gross income exceeds the applicable amount (which amount will be adjusted for inflation) will be reduced by the lesser of (i) 3% of the excess of adjusted gross income over the applicable amount or (ii) 80% of the amount of itemized deductions otherwise allowable for the taxable year. (These percentages are scheduled to be reduced in 2006 and return to current levels in 2010).

Discount or Premium on Pass-Through Securities. The holder's purchase price of a Pass-Through Security is to be allocated among the underlying loans in proportion to their fair market values, determined as of the time of purchase of the securities. In the typical case, the trustee (to the extent necessary to fulfill its reporting obligations) will treat each loan as having a fair market value proportional to the share of the aggregate principal balances of all of the loans that it represents, since the securities, generally, will have a relatively uniform interest rate and other common characteristics. To the extent that the portion of the purchase price of a Pass-Through Security allocated to a loan (other than to a right to receive any accrued interest thereon and any undistributed principal payments) is less than or greater than the portion of the principal balance of the loan allocable to the security, the interest in the loan allocable to the Pass-Through Security will be deemed to have been acquired at a discount or premium, respectively.

The treatment of any discount will depend on whether the discount represents OID or market discount. In the case of a loan with OID in excess of a prescribed de minimis amount or a Stripped Security, a holder of a security will be required to report as interest income in each taxable year its share of the amount of OID that accrues during that year in the manner described above. OID with respect to a loan could arise, for example, by virtue of the financing of points by the originator of the loan, or by virtue of the charging of points by the originator of the loan in an amount greater than a statutory de minimis exception. Any market discount or premium on a loan will be includible in income, generally in the manner described above, except that in the case of Pass-Through Securities, market discount is calculated with respect to the loans underlying the security, rather than with respect to the security. A Holder that acquires an interest in a loan with more than a de minimis amount of market discount (generally, the excess of the principal amount of the loan over the purchaser's allocable purchase price) will be required to include accrued market discount in income in the manner set forth above. See “— Taxation of Debt Securities; Market Discount” and “— Premium” above.

The holder generally will be required to allocate the portion of market discount that is allocable to a loan among the principal payments on the loan and to include the discount allocable to each principal payment in ordinary income at the time the principal payment is made. That treatment would generally result in discount being included in income at a slower rate than discount would be required to be included in income using the method described in the preceding paragraph.

Stripped Securities. A Stripped Security may represent a right to receive only a portion of the interest payments on the loans, a right to receive only principal payments on the loans, or a right to receive certain payments of both interest and principal. Certain Stripped Securities (“Ratio Strip Securities”) may represent a right to receive differing percentages of both the interest and principal on each loan. Pursuant to Section 1286 of the Code, the separation of ownership of the right to receive some or all of the interest payments on an obligation from ownership of the right to receive some or all of the principal payments results in the creation of “stripped bonds” with respect to principal payments and “stripped coupons” with respect to interest payments. Section 1286 of the Code applies the OID rules to stripped bonds and stripped coupons. For purposes of computing original issue discount, a stripped bond or a stripped coupon is treated as a debt instrument issued on the date that the stripped interest is purchased with an issue price equal to its purchase price or, if more than one stripped interest is purchased, the ratable share of the purchase price allocable to the stripped interest.

Servicing fees in excess of reasonable servicing fees (“excess servicing”) will be treated under the stripped bond rules. If the excess servicing fee is less than 100 basis points (that is, 1% interest on the loan principal balance) or the securities are initially sold with a de minimis discount (assuming no prepayment assumption is required), any non-de minimis discount arising from a subsequent transfer of the securities should be treated as market discount. The IRS appears to require that reasonable servicing fees be calculated on a loan by loan basis, which could result in some loans being treated as having more than 100 basis points of interest stripped off.

The Code. OID Regulations and judicial decisions provide no direct guidance on how the interest and original issue discount rules apply to Stripped Securities and other Pass-Through Securities. Under the method described above for Pay-Through Securities (the “Cash Flow Bond Method”), a prepayment assumption is used and periodic recalculations are made which take into account with respect to each accrual period the effect of prepayments during the period. However, the 1986 Act does not, absent Treasury regulations, appear specifically to cover instruments such as the Stripped Securities, which technically represent ownership interests in the underlying loans, rather than being debt instruments “secured by” those loans. The Taxpayer Relief Act of 1997 may allow use of the Cash Flow Bond Method with respect to Stripped Securities and other Pass-Through Securities because it provides that the method applies to any pool of debt instruments the yield on which may be affected by prepayments. Nevertheless, it is believed that the Cash Flow Bond Method is a reasonable method of reporting income for the securities, and it is expected that OID will be reported on that basis; provided that the applicable prospectus supplement may provide for the reporting of OID on an alternative basis. In applying the calculation to Pass-Through Securities, the trustee will treat all payments to be received by a holder with respect to the underlying loans as payments on a single installment obligation. The IRS could, however, assert that original issue discount must be calculated separately for each loan underlying a security.

Under certain circumstances, if the loans prepay at a rate faster than the Prepayment Assumption, the use of the Cash Flow Bond Method may accelerate a Holder's recognition of income. If, however, the loans prepay at a

rate slower than the Prepayment Assumption, in some circumstances the use of this method may delay a Holder's recognition of income.

In the case of a Stripped Security that is an Interest Weighted Security, the trustee intends, absent contrary authority, to report income to security holders as OID, in the manner described above for Interest Weighted Securities.

Possible Alternative Characterizations. The characterizations of the Stripped Securities described above are not the only possible interpretations of the applicable Code provisions. Among other possibilities, the IRS could contend that

- in certain series, each non-Interest Weighted Security is composed of an unstripped undivided ownership interest in loans and an installment obligation consisting of stripped principal payments;
- the non-Interest Weighted Securities are subject to the contingent payment provisions of the Contingent Regulations; or
- each Interest Weighted Stripped Security is composed of an unstripped undivided ownership interest in loans and an installment obligation consisting of stripped interest payments.

Given the variety of alternatives for treatment of the Stripped Securities and the different federal income tax consequences that result from each alternative, potential purchasers are urged to consult their tax advisers regarding the proper treatment of the securities for federal income tax purposes.

Character as Qualifying Loans. In the case of Stripped Securities, there is no specific legal authority existing regarding whether the character of the securities, for federal income tax purposes, will be the same as the loans. The IRS could take the position that the loans' character is not carried over to the securities in those circumstances. Pass-Through Securities will be, and, although the matter is not free from doubt, Stripped Securities should be considered to represent "real estate assets" within the meaning of Section 856(c)(5)(B) of the Code and "loans secured by an interest in real property" within the meaning of Section 7701(a)(19)(C)(v) of the Code; and interest income attributable to the securities should be considered to represent "interest on obligations secured by mortgages on real property or on interests in real property" within the meaning of Section 856(c)(3)(B) of the Code. Reserves or funds underlying the securities may cause a proportionate reduction in the above-described qualifying status categories of securities.

Sale or Exchange

Subject to the discussion below with respect to trust funds for which a partnership election is made, a Holder's tax basis in its security is the price the holder pays for the security, plus amounts of original issue or market discount included in income and reduced by any payments received (other than qualified stated interest payments) and any amortized premium. Gain or loss recognized on a sale, exchange, or redemption of a security, measured by the difference between the amount realized and the security's basis as so adjusted, will generally be capital gain or loss, assuming that the security is held as a capital asset. In the case of a security held by a bank, thrift, or similar institution described in Section 582 of the Code, however, gain or loss realized on the sale or exchange of a Regular Interest Security will be taxable as ordinary income or loss. In addition, gain from the disposition of a Regular Interest Security that might otherwise be capital gain will be treated as ordinary income to the extent of the excess, if any, of (i) the amount that would have been includible in the holder's income if the yield on the Regular Interest Security had equaled 110% of the applicable federal rate as of the beginning of the holder's holding period, over (ii) the amount of ordinary income actually recognized by the holder with respect to the Regular Interest Security.

Miscellaneous Tax Aspects

Backup Withholding. Subject to the discussion below with respect to trust funds for which a partnership election is made, a Holder, other than a holder of a Residual Interest, may, under certain circumstances, be subject to "backup withholding" with respect to distributions or the proceeds of a sale of securities to or through brokers that

represent interest or original issue discount on the securities. This withholding generally applies if the holder of a security

- fails to furnish the trustee with its taxpayer identification number (“TIN”);
- furnishes the trustee an incorrect TIN;
- fails to report properly interest, dividends or other “reportable payments” as defined in the Code; or
- under certain circumstances, fails to provide the trustee or the holder’s securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is its correct number and that the holder is not subject to backup withholding.

Backup withholding will not apply, however, with respect to certain payments made to Holders, including payments to certain exempt recipients (such as exempt organizations) and to certain Nonresidents (as defined below). Holders are encouraged to consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining the exemption.

The trustee will report to the Holders and to the servicer for each calendar year the amount of any “reportable payments” during the year and the amount of tax withheld, if any, with respect to payments on the securities.

New Reporting Regulations

In January 2006 the IRS and Treasury Department finalized new rules concerning the reporting of tax information with respect to “Widely Held Mortgage Trusts.” Under these new rules, the trustee may be compelled, or have an opportunity, to adopt new ways of calculating and reporting tax items (such as OID, market discount, sale proceeds and premium) to the Holders of Pass-Through Securities, which changes may affect the timing of when a Holder reports those items.

Tax Treatment of Foreign Investors

Subject to the discussion below with respect to trust funds for which a partnership election is made, under the Code, unless interest (including OID) paid on a security (other than a Residual Interest) is considered to be “effectively connected” with a trade or business conducted in the United States by a nonresident alien individual, foreign partnership or foreign corporation (“Nonresidents”), the interest will normally qualify as portfolio interest (except where the recipient is a holder, directly or by attribution, of 10% or more of the capital or profits interest in the issuer, or the recipient is a controlled foreign corporation to which the issuer is a related person) and will be exempt from federal income tax. Upon receipt of appropriate ownership statements, the issuer normally will be relieved of obligations to withhold tax from the interest payments. These provisions supersede the generally applicable provisions of United States law that would otherwise require the issuer to withhold at a 30% rate (unless the rate were reduced or eliminated by an applicable income tax treaty) on, among other things, interest and other fixed or determinable, annual or periodic income paid to Nonresidents.

Interest and OID of Holders who are foreign persons are not subject to withholding if they are effectively connected with a United States business conducted by the Holder. They will, however, generally be subject to the regular United States income tax.

Payments to holders of Residual Interests who are foreign persons will generally be treated as interest for purposes of the 30% (or lower treaty rate) United States withholding tax. Holders should assume that the income does not qualify for exemption from United States withholding tax as “portfolio interest.” It is clear that, to the extent that a payment represents a portion of REMIC taxable income that constitutes excess inclusion income, a holder of a Residual Interest will not be entitled to an exemption from or reduction of the 30% (or lower treaty rate) withholding tax rule. If the payments are subject to United States withholding tax, they generally will be taken into

account for withholding tax purposes only when paid or distributed (or when the Residual Interest is disposed of). The Treasury has statutory authority, however, to promulgate regulations which would require the amounts to be taken into account at an earlier time in order to prevent the avoidance of tax. The regulations could, for example, require withholding prior to the distribution of cash in the case of Residual Interests that do not have significant value. Under the REMIC Regulations, if a Residual Interest has tax avoidance potential, a transfer of a Residual Interest to a Nonresident will be disregarded for all federal tax purposes. A Residual Interest has tax avoidance potential unless, at the time of the transfer the transferor reasonably expects that the REMIC will distribute to the transferee of the Residual Interest amounts that will equal at least 30% of each excess inclusion, and that the amounts will be distributed at or after the time at which the excess inclusions accrue and not later than the calendar year following the calendar year of accrual. If a Nonresident transfers a Residual Interest to a United States person, and if the transfer has the effect of allowing the transferor to avoid tax on accrued excess inclusions, then the transfer is disregarded and the transferor continues to be treated as the owner of the Residual Interest for purposes of the withholding tax provisions of the Code. See “— Excess Inclusions.”

Tax Characterization of the Trust Fund as a Partnership

Tax Counsel will deliver its opinion that a trust fund for which a partnership election is made will not be a corporation or publicly traded partnership taxable as a corporation for federal income tax purposes. This opinion will be based on the assumption that the terms of the Trust Agreement and related documents will be complied with, and on counsel’s conclusions that the nature of the income of the trust fund will exempt it from the rule that certain publicly traded partnerships are taxable as corporations or the issuance of the securities has been structured as a private placement under an IRS safe harbor, so that the trust fund will not be characterized as a publicly traded partnership taxable as a corporation.

If the trust fund were taxable as a corporation for federal income tax purposes, the trust fund would be subject to corporate income tax on its taxable income. The trust fund’s taxable income would include all its income, possibly reduced by its interest expense on the notes. That corporate income tax could materially reduce cash available to make payments on the notes and distributions on the certificates, and certificateholders could be liable for that tax that is unpaid by the trust fund.

Tax Consequences to Holders of the Notes

Treatment of the Notes as Indebtedness. The trust fund will agree, and the noteholders will agree by their purchase of notes, to treat the notes as debt for federal income tax purposes. Unless otherwise specified in the related prospectus supplement, in the opinion of Tax Counsel, the notes will be classified as debt for federal income tax purposes. The discussion below assumes this characterization of the notes is correct.

OID, Indexed Securities, etc. The discussion below assumes that all payments on the notes are denominated in U.S. dollars, and that the notes are not Indexed securities or Strip notes. Moreover, the discussion assumes that the interest formula for the notes meets the requirements for “qualified stated interest” under the OID regulations, and that any OID on the notes (that is, any excess of the principal amount of the notes over their issue price) does not exceed a de minimis amount (that is, 0.25% of their principal amount multiplied by the number of full years included in their term), all within the meaning of the OID regulations. If these conditions are not satisfied with respect to any given series of notes, additional tax considerations with respect to the notes will be disclosed in the applicable prospectus supplement.

Interest Income on the Notes. Based on the above assumptions, except as discussed in the following paragraph, the notes will not be considered issued with OID. The stated interest thereon will be taxable to a noteholder as ordinary interest income when received or accrued in accordance with the noteholder’s method of tax accounting. Under the OID regulations, a holder of a note issued with a de minimis amount of OID must include the OID in income, on a pro rata basis, as principal payments are made on the note. It is believed that any prepayment premium paid as a result of a mandatory redemption will be taxable as contingent interest when it becomes fixed and unconditionally payable. A purchaser who buys a note for more or less than its principal amount will generally be subject, respectively, to the premium amortization or market discount rules of the Code.

A holder of a note that has a fixed maturity date of not more than one year from the issue date of the note (a “Short-Term Note”) may be subject to special rules. An accrual basis holder of a Short-Term Note (and certain cash method holders, including regulated investment companies, as set forth in Section 1281 of the Code) generally would be required to report interest income as interest accrues on a straight-line basis over the term of each interest period. Other cash basis holders of a Short-Term Note would, in general, be required to report interest income as interest is paid (or, if earlier, upon the taxable disposition of the Short-Term Note). However, a cash basis holder of a Short-Term Note reporting interest income as it is paid may be required to defer a portion of any interest expense otherwise deductible on indebtedness incurred to purchase or carry the Short-Term Note until the taxable disposition of the Short-Term Note. A cash basis taxpayer may elect under Section 1281 of the Code to accrue interest income on all nongovernment debt obligations with a term of one year or less, in which case the taxpayer would include interest on the Short-Term Note in income as it accrues, but would not be subject to the interest expense deferral rule referred to in the preceding sentence. Certain special rules apply if a Short-Term Note is purchased for more or less than its principal amount.

Sale or Other Disposition. If a noteholder sells a note, the holder will recognize gain or loss in an amount equal to the difference between the amount realized on the sale and the holder’s adjusted tax basis in the note. The adjusted tax basis of a note to a particular noteholder will equal the holder’s cost for the note, increased by any market discount, acquisition discount, OID and gain previously included by the noteholder in income with respect to the note and decreased by the amount of bond premium (if any) previously amortized and by the amount of principal payments previously received by the noteholder with respect to the note. That gain or loss will be capital gain or loss if the note was held as a capital asset, except for gain representing accrued interest and accrued market discount not previously included in income. Capital losses generally may be used only to offset capital gains.

Foreign Holders. Interest payments made (or accrued) to a noteholder who is a nonresident alien, foreign corporation or other non-United States person (a “foreign person”) generally will be considered “portfolio interest,” and generally will not be subject to United States federal income tax and withholding tax, if the interest is not effectively connected with the conduct of a trade or business within the United States by the foreign person and the foreign person

- is not actually or constructively a “10 percent shareholder” of the trust fund or the seller (including a holder of 10% of the outstanding securities) or a “controlled foreign corporation” with respect to which the trust fund or the seller is a “related person” within the meaning of the Code and
- provides the owner trustee or other person who is otherwise required to withhold U.S. tax with respect to the notes (the “Withholding Agent”) with an appropriate statement, signed under penalties of perjury, certifying that the beneficial owner who is an individual or corporation for federal income tax purposes of the note is a foreign person and providing the foreign person’s name and address.

Generally, this statement is made on an IRS Form W-8BEN (“W-8BEN”), which is effective for the remainder of the year of signature plus three full calendar years unless a change in circumstances makes any information on the form incorrect. Notwithstanding the preceding sentence, a W-8BEN with a U.S. taxpayer identification number will remain effective until a change in circumstances makes any information on the form incorrect, provided that the Withholding Agent reports at least one payment annually to the beneficial owner on IRS Form 1042-S. The beneficial owner must inform the Withholding Agent within 30 days of any change and furnish a new W-8BEN. A noteholder who is not an individual or corporation (or an entity treated as a corporation for federal income tax purposes) holding the Notes on its own behalf may have substantially increased reporting requirements. In particular, in the case of notes held by a foreign partnership (or foreign trust), the partners (or beneficiaries) rather than the partnership (or trust) will be required to provide the certification discussed above, and the partnership (or trust) will be required to provide certain additional information.

If a note is held through a securities clearing organization or certain other financial institutions, the organization or institution may provide the relevant signed statement to the withholding agent; in that case, however, the signed statement must be accompanied by a Form W-8BEN or substitute form provided by the foreign person that owns the note. If the interest is not portfolio interest, then it will be subject to United States federal income and withholding tax at a rate of 30 percent, unless reduced or eliminated pursuant to an applicable tax treaty.

Any capital gain realized on the sale, redemption, retirement or other taxable disposition of a note by a foreign person will be exempt from United States federal income and withholding tax, provided that the gain is not effectively connected with the conduct of a trade or business in the United States by the foreign person and in the case of an individual foreign person, the foreign person is not present in the United States for 183 days or more in the taxable year.

Backup Withholding. Each holder of a note (other than an exempt holder such as a corporation, tax-exempt organization, qualified pension and profit-sharing trust, individual retirement account or nonresident alien who provides certification as to status as a nonresident) will be required to provide, under penalties of perjury, a certificate containing the holder's name, address, correct federal taxpayer identification number and a statement that the holder is not subject to backup withholding. Should a nonexempt noteholder fail to provide the required certification, the trust fund will be required to withhold on the amount otherwise payable to the holder, and remit the withheld amount to the IRS as a credit against the holder's federal income tax liability.

Possible Alternative Treatments of the Notes. If, contrary to the opinion of Tax Counsel, the IRS successfully asserted that one or more of the notes did not represent debt for federal income tax purposes, the notes might be treated as equity interests in the trust fund. If so treated, the trust fund might be taxable as a corporation with the adverse consequences described above (and the taxable corporation would not be able to reduce its taxable income by deductions for interest expense on notes recharacterized as equity). Alternatively, and most likely in the view of special counsel to the depositor, the trust fund might be treated as a publicly traded partnership that would not be taxable as a corporation because it would meet certain qualifying income tests. Nonetheless, treatment of the notes as equity interests in that publicly traded partnership could have adverse tax consequences to certain holders. For example, income to certain tax-exempt entities (including pension funds) would be "unrelated business taxable income," income to foreign holders generally would be subject to U.S. tax and U.S. tax return filing and withholding requirements, and individual holders might be subject to certain limitations on their ability to deduct their share of the trust fund's expenses.

Tax Consequences to Holders of the Certificates

Treatment of the Trust Fund as a Partnership. The trust fund and the master servicer will agree, and the certificateholders will agree by their purchase of certificates, to treat the trust fund as a partnership for purposes of federal and state income tax, franchise tax and any other tax measured in whole or in part by income, with the assets of the partnership being the assets held by the trust fund, the partners of the partnership being the certificateholders, and the notes being debt of the partnership. However, the proper characterization of the arrangement involving the trust fund, the certificates, the notes, the trust fund and the servicer is not clear because there is no authority on transactions closely comparable to that contemplated herein.

A variety of alternative characterizations are possible. For example, because the certificates have certain features characteristic of debt, the certificates might be considered debt of the trust fund. That characterization would not result in materially adverse tax consequences to certificateholders as compared to the consequences from treatment of the certificates as equity in a partnership, described below. The following discussion assumes that the certificates represent equity interests in a partnership.

Indexed Securities, etc. The following discussion assumes that all payments on the certificates are denominated in U.S. dollars, none of the certificates are Indexed securities or Strip certificates, and that a series of securities includes a single class of certificates. If these conditions are not satisfied with respect to any given series of certificates, additional tax considerations with respect to the certificates will be disclosed in the applicable prospectus supplement.

Partnership Taxation. As a partnership, the trust fund will not be subject to federal income tax. Rather, each certificateholder will be required to separately take into account the holder's distributive share of income, gains, losses, deductions and credits of the trust fund. The trust fund's income will consist primarily of interest and finance charges earned on the loans (including appropriate adjustments for market discount, OID and bond premium) and any gain upon collection or disposition of loans. The trust fund's deductions will consist primarily of interest accruing with respect to the notes, servicing and other fees, and losses or deductions upon collection or disposition of loans.

The tax items of a partnership are allocable to the partners in accordance with the Code, Treasury regulations and the partnership agreement (here, the Trust Agreement and related documents). The Trust Agreement will provide, in general, that the certificateholders will be allocated taxable income of the trust fund for each month equal to the sum of (i) the interest that accrues on the certificates in accordance with their terms for that month, including interest accruing at the Pass-Through Rate for the month and interest on amounts previously due on the certificates but not yet distributed; (ii) any trust fund income attributable to discount on the Loans that corresponds to any excess of the principal amount of the certificates over their initial issue price; (iii) prepayment premium payable to the certificateholders for the month; and (iv) any other amounts of income payable to the certificateholders for the month. That allocation will be reduced by any amortization by the trust fund of premium on loans that corresponds to any excess of the issue price of certificates over their principal amount. All remaining taxable income of the trust fund will be allocated to the depositor. Based on the economic arrangement of the parties, this approach for allocating trust fund income should be permissible under applicable Treasury regulations, although we can give no assurance that the IRS would not require a greater amount of income to be allocated to certificateholders. Moreover, even under the foregoing method of allocation, certificateholders may be allocated income equal to the entire Pass-Through Rate plus the other items described above even though the trust fund might not have sufficient cash to make current cash distributions of that amount. Thus, cash basis holders will in effect be required to report income from the certificates on the accrual basis and certificateholders may become liable for taxes on trust fund income even if they have not received cash from the trust fund to pay those taxes. In addition, because tax allocations and tax reporting will be done on a uniform basis for all certificateholders but certificateholders may be purchasing certificates at different times and at different prices, certificateholders may be required to report on their tax returns taxable income that is greater or less than the amount reported to them by the trust fund.

All of the taxable income allocated to a certificateholder that is a pension, profit sharing or employee benefit plan or other tax-exempt entity (including an individual retirement account) will constitute “unrelated business taxable income” generally taxable to that holder under the Code.

An individual taxpayer’s share of expenses of the trust fund (including fees to the servicer but not interest expense) would be miscellaneous itemized deductions. Those deductions might be disallowed to the individual in whole or in part and might result in the holder being taxed on an amount of income that exceeds the amount of cash actually distributed to the holder over the life of the trust fund.

The trust fund intends to make all tax calculations relating to income and allocations to certificateholders on an aggregate basis. If the IRS were to require that those calculations be made separately for each loan, the trust fund might be required to incur additional expense but it is believed that there would not be a material adverse effect on certificateholders.

Discount and Premium. It is believed that the loans were not issued with OID, and, therefore, the trust fund should not have OID income. However, the purchase price paid by the trust fund for the loans may be greater or less than the remaining principal balance of the loans at the time of purchase. If so, the loan will have been acquired at a premium or discount, as the case may be. (As indicated above, the trust fund will make this calculation on an aggregate basis, but might be required to recompute it on a loan by loan basis.)

If the trust fund acquires the loans at a market discount or premium, the trust fund will elect to include that discount in income currently as it accrues over the life of the loans or to offset that premium against interest income on the loans. As indicated above, a portion of the market discount income or premium deduction may be allocated to certificateholders.

Section 708 Termination. Pursuant to Code Section 708, a sale or exchange of 50% or more of the capital and profits in a partnership would cause a deemed contribution of assets of the partnership (the “old partnership”) to a new partnership (the “new partnership”) in exchange for interests in the new partnership. Those interests would be deemed distributed to the partners of the old partnership in liquidation thereof, which would not constitute a sale or exchange. Accordingly, if the trust fund were characterized as a partnership, then even if a sale of certificates terminated the partnership under Code Section 708, the holder’s basis in its certificates would remain the same.

Disposition of Certificates. Generally, capital gain or loss will be recognized on a sale of certificates in an amount equal to the difference between the amount realized and the seller's tax basis in the certificates sold. A certificateholder's tax basis in a certificate will generally equal the holder's cost increased by the holder's share of trust fund income (includible in income) and decreased by any distributions received with respect to that certificate. In addition, both the tax basis in the certificates and the amount realized on a sale of a certificate would include the holder's share of the notes and other liabilities of the trust fund. A holder acquiring certificates at different prices may be required to maintain a single aggregate adjusted tax basis in the certificates, and, upon sale or other disposition of some of the certificates, allocate a portion of that aggregate tax basis to the certificates sold (rather than maintaining a separate tax basis in each certificate for purposes of computing gain or loss on a sale of that certificate).

Any gain on the sale of a certificate attributable to the holder's share of unrecognized accrued market discount on the loans would generally be treated as ordinary income to the holder and would give rise to special tax reporting requirements. The trust fund does not expect to have any other assets that would give rise to those special reporting requirements. Thus, to avoid those special reporting requirements, the trust fund will elect to include market discount in income as it accrues.

If a certificateholder is required to recognize an aggregate amount of income (not including income attributable to disallowed itemized deductions described above) over the life of the certificates that exceeds the aggregate cash distributions with respect thereto, that excess will generally give rise to a capital loss upon the retirement of the certificates.

Allocations Among Transferors and Transferees. In general, the trust fund's taxable income and losses will be determined monthly and the tax items for a particular calendar month will be apportioned among the certificateholders in proportion to the principal amount of certificates owned by them as of the close of the last day of that month. As a result, a holder purchasing certificates may be allocated tax items (which will affect its tax liability and tax basis) attributable to periods before the actual transaction.

The use of a monthly convention may not be permitted by existing regulations. If a monthly convention is not allowed (or only applies to transfers of less than all of the partner's interest), taxable income or losses of the trust fund might be reallocated among the certificateholders. The trust fund's method of allocation between transferors and transferees may be revised to conform to a method permitted by future regulations.

Section 754 Election. In the event that a certificateholder sells its certificates at a profit (loss), the purchasing certificateholder will have a higher (lower) basis in the certificates than the selling certificateholder had. The tax basis of the trust fund's assets will not be adjusted to reflect that higher (or lower) basis unless the trust fund were to file an election under Section 754 of the Code. In order to avoid the administrative complexities that would be involved in keeping accurate accounting records, as well as potentially onerous information reporting requirements, the trust fund will not make that election. As a result, certificateholders might be allocated a greater or lesser amount of trust fund income than would be appropriate based on their own purchase price for certificates.

Administrative Matters. The owner trustee is required to keep or have kept complete and accurate books of the trust fund. Those books will be maintained for financial reporting and tax purposes on an accrual basis and the fiscal year of the trust fund will be the calendar year. The trustee will file a partnership information return (IRS Form 1065) with the IRS for each taxable year of the trust fund and will report each certificateholder's allocable share of items of trust fund income and expense to holders and the IRS on Schedule K-1. The trust fund will provide the Schedule K-1 information to nominees that fail to provide the trust fund with the information statement described below and those nominees will be required to forward that information to the beneficial owners of the certificates. Generally, holders must file tax returns that are consistent with the information return filed by the trust fund or be subject to penalties unless the holder notifies the IRS of all those inconsistencies.

Under Section 6031 of the Code, any person that holds certificates as a nominee at any time during a calendar year is required to furnish the trust fund with a statement containing certain information on the nominee, the beneficial owners and the certificates so held. That information includes (i) the name, address and taxpayer identification number of the nominee and (ii) as to each beneficial owner (x) the name, address and identification number of the person, (y) whether the person is a United States person, a tax-exempt entity or a foreign government,

an international organization, or any wholly owned agency or instrumentality of either of the foregoing, and (z) certain information on certificates that were held, bought or sold on behalf of the person throughout the year. In addition, brokers and financial institutions that hold certificates through a nominee are required to furnish directly to the trust fund information as to themselves and their ownership of certificates. A clearing agency registered under Section 17A of the Securities Exchange Act of 1934, as amended is not required to furnish that information statement to the trust fund. The information referred to above for any calendar year must be furnished to the trust fund on or before the following January 31. Nominees, brokers and financial institutions that fail to provide the trust fund with the information described above may be subject to penalties.

The depositor will be designated as the tax matters partner in the related Trust Agreement and, as such, will be responsible for representing the certificateholders in any dispute with the IRS. The Code provides for administrative examination of a partnership as if the partnership were a separate and distinct taxpayer. Generally, the statute of limitations for partnership items does not expire before three years after the date on which the partnership information return is filed. Any adverse determination following an audit of the return of the trust fund by the appropriate taxing authorities could result in an adjustment of the returns of the certificateholders, and, under certain circumstances, a certificateholder may be precluded from separately litigating a proposed adjustment to the items of the trust fund. An adjustment could also result in an audit of a certificateholder's returns and adjustments of items not related to the income and losses of the trust fund.

Tax Consequences to Foreign Certificateholders. It is not clear whether the trust fund would be considered to be engaged in a trade or business in the United States for purposes of federal withholding taxes with respect to non-U.S. Persons because there is no clear authority dealing with that issue under facts substantially similar to those described herein. Although it is not expected that the trust fund would be engaged in a trade or business in the United States for those purposes, the trust fund will withhold as if it were so engaged in order to protect the trust fund from possible adverse consequences of a failure to withhold. The trust fund expects to withhold on the portion of its taxable income, as calculated for this purpose which may exceed the distributions to certificateholders, that is allocable to foreign certificateholders pursuant to Section 1446 of the Code, as if the income were effectively connected to a U.S. trade or business. Subsequent adoption of Treasury regulations or the issuance of other administrative pronouncements may require the trust fund to change its withholding procedures. In determining a holder's withholding status, the trust fund may rely on IRS Form W-8BEN, IRS Form W-9 or the holder's certification of nonforeign status signed under penalties of perjury. A holder who is not an individual or corporation (or an entity treated as a corporation for federal income tax purposes) holding the Notes on its own behalf may have substantially increased reporting requirements. In particular, if the holder is a foreign partnership (or foreign trust), the partners (or beneficiaries) rather than the partnership (or trust) will be required to provide the certification discussed above, and the partnership (or trust) will be required to provide certain additional information.

Each foreign holder might be required to file a U.S. individual or corporate income tax return (including, in the case of a corporation, the branch profits tax) on its share of the trust fund's income. Each foreign holder must obtain a taxpayer identification number from the IRS and submit that number in order to assure appropriate crediting of the taxes withheld. A foreign holder generally would be entitled to file with the IRS a claim for refund with respect to taxes withheld by the trust fund taking the position that no taxes were due because the trust fund was not engaged in a U.S. trade or business. However, interest payments made (or accrued) to a certificateholder who is a foreign person generally will be considered guaranteed payments to the extent the payments are determined without regard to the income of the trust fund. If these interest payments are properly characterized as guaranteed payments, then the interest will not be considered "portfolio interest." As a result, certificateholders will be subject to United States federal income tax and withholding tax at a rate of 30 percent, unless reduced or eliminated pursuant to an applicable treaty. In that case, a foreign holder would only be entitled to claim a refund for that portion of the taxes in excess of the taxes that should be withheld with respect to the guaranteed payments.

Backup Withholding. Distributions made on the certificates and proceeds from the sale of the certificates will be subject to a "backup" withholding tax if, in general, the certificateholder fails to comply with certain identification procedures, unless the holder is an exempt recipient under applicable provisions of the Code.

Other Tax Considerations

In addition to the federal income tax consequences described in “Federal Income Tax Consequences,” potential investors should consider the state, local and foreign tax consequences of the acquisition, ownership, and disposition of the securities. State and local tax law may differ substantially from the corresponding federal law, and this discussion does not purport to describe any aspect of the tax laws of any state or locality. Therefore, potential investors are encouraged to consult their own tax advisors with respect to the various state, local and foreign tax consequences of an investment in the securities.

ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and Section 4975 of the Code impose requirements on employee benefit plans (and on certain other retirement plans and arrangements, including individual retirement accounts and annuities and Keogh plans as well as collective investment funds and separate accounts in which those plans, accounts or arrangements are invested) (collectively, “Plans”) subject to ERISA or to Section 4975 of the Code and on persons who bear specified relationships to Plans (“Parties in Interest”) or are fiduciaries with respect to those Plans. Generally, ERISA applies to investments made by Plans. Among other things, ERISA requires that the assets of Plans be held in trust and that the trustee, or other duly authorized fiduciary, have exclusive authority and discretion to manage and control the assets of Plans. ERISA also imposes certain duties on persons who are fiduciaries of Plans. Under ERISA, any person who exercises any authority or control respecting the management or disposition of the assets of a Plan is considered to be a fiduciary of the Plan (subject to certain exceptions not here relevant). Certain employee benefit plans, such as governmental plans (as defined in ERISA Section 3(32)) and, if no election has been made under Section 410(d) of the Code, church plans (as defined in ERISA Section 3(33)), are not subject to requirements imposed by ERISA and Section 4975 of the Code. Accordingly, assets of those plans may be invested in securities without regard to the considerations described above and below, subject to the provisions of other applicable law. Any plan which is qualified and exempt from taxation under Code Sections 401(a) and 501(a) is subject to the prohibited transaction rules set forth in Code Section 503.

On November 13, 1986, the United States Department of Labor (the “DOL”) issued final regulations concerning the definition of what constitutes the assets of a Plan. (Labor Reg. Section 2510.3-101 (the “Plan Assets Regulation”). Under this regulation, the underlying assets and properties of corporations, partnerships and certain other entities in which a Plan makes an “equity” investment could be deemed for purposes of ERISA to be assets of the investing Plan in certain circumstances. Under the Plan Assets Regulation, the term “equity interest” is defined as any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and has no “substantial equity features.” If securities are not treated as equity interests in the issuer for purposes of the Plan Assets Regulation, a Plan’s investment in the securities would not cause the assets of the issuer to be deemed plan assets. If the securities are deemed to be equity interests in the issuer, the issuer could be considered to hold plan assets because of a Plan’s investment in those securities. In that event, the master servicer and other persons exercising management or discretionary control over the assets of the issuer or providing services with respect to those assets could be deemed to be fiduciaries or other parties in interest with respect to investing Plans and thus subject to the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code and, in the case of fiduciaries, to the fiduciary responsibility provisions of Title I of ERISA, with respect to transactions involving the issuer’s assets. Trust certificates are “equity interests” for purposes of the Plan Asset Regulation.

In addition to the imposition of general fiduciary standards of investment prudence and diversification, ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of a Plan and persons (“Parties in Interest”) having certain specified relationships to a Plan and impose additional prohibitions where Parties in Interest are fiduciaries with respect to that Plan. Because the loans may be deemed assets of each Plan that purchases equity securities, an investment in equity securities by a Plan might be a prohibited transaction under ERISA Sections 406 and 407 and subject to an excise tax under Code Section 4975 unless a statutory, regulatory or administrative exemption applies.

Without regard to whether securities are considered to be equity interest in the issuer, certain affiliates of the issuer might be considered or might become Parties in Interest with respect to a Plan. In this case, the acquisition or holding of the securities by or on behalf of the Plan could constitute or give rise to a prohibited

transaction, within the meaning of ERISA and Section 4975 of the Code, unless they were subject to one or more exemptions. Depending on the relevant facts and circumstances, certain prohibited transaction exemptions may apply to the purchase or holding of the securities — for example, Prohibited Transaction Class Exemption (“PTCE”) 96-23, which exempts certain transactions effected on behalf of a Plan by an “in-house asset manager”; PTCE 95-60, which exempts certain transactions by insurance company general accounts; PTCE 91-38, which exempts certain transactions by bank collective investment funds; PTCE 90-1, which exempts certain transactions by insurance company pooled separate accounts; or PTCE 84-14, which exempts certain transactions effected on behalf of a Plan by a “qualified professional asset manager”. We can give no assurance that any of these exemptions will apply with respect to any Plan’s investment in securities, or that such an exemption, if it did apply, would apply to all prohibited transactions that may occur in connection with the investment. Furthermore, these exemptions would not apply to transactions involved in operation of the trust if, as described above, the assets of the trust were considered to include plan assets.

The DOL has granted to certain underwriters individual administrative exemptions (the “Underwriter Exemptions”) from certain of the prohibited transaction rules of ERISA and the related excise tax provisions of Section 4975 of the Code with respect to the initial purchase, the holding and the subsequent resale by Plans of securities, including certificates, underwritten or privately placed by that underwriter or its affiliate or by a syndicate managed by that underwriter or its affiliate and issued by entities that hold investment pools consisting of certain secured receivables, loans and other obligations and the servicing, operation and management of the investment pools, provided the conditions and requirements of the Underwriter Exemptions are met. The Exemption also permits the entity to hold an interest-rate swap or yield supplement agreement if it meets requirements set forth in the Exemption.

While each Underwriter Exemption is an individual exemption separately granted to a specific underwriter, the terms and conditions which generally apply to the Underwriter Exemptions are substantially identical, and include the following:

- (1) the acquisition of the securities by a Plan is on terms (including the price for the securities) that are at least as favorable to the Plan as they would be in an arm’s-length transaction with an unrelated party;
- (2) the securities acquired by the Plan have received a rating at the time of the acquisition that is one of the four highest generic rating categories from Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. (“S&P”), Moody’s Investors Service, Inc. (“Moody’s”), or Fitch Ratings, Inc. (“Fitch”) (each, a “Rating Agency”);
- (3) the trustee is not an affiliate of any other member of the Restricted Group, as defined below (other than an underwriter);
- (4) the sum of all payments made to and retained by the underwriters in connection with the distribution of the securities represents not more than reasonable compensation for underwriting the securities; the sum of all payments made to and retained by the seller pursuant to the assignment of the loans to the issuer represents not more than the fair market value of the loans; the sum of all payments made to and retained by the servicer and any sub-servicer represents not more than reasonable compensation for the person’s services under the agreement pursuant to which the loans are pooled and reimbursements of the person’s reasonable expenses in connection therewith; and
- (5) the Plan investing in the certificates is an “accredited investor” as defined in Rule 501(a)(1) of Regulation D of the SEC under the Securities Act.

The issuer must also meet the following requirements:

- (i) the corpus of the issuer must consist solely of assets of the type that have been included in other investment pools;

(ii) securities in those other investment pools must have been rated in one of the four highest rating categories of S&P, Moody's, or Fitch for at least one year prior to the Plan's acquisition of securities; and

(iii) securities evidencing interests in those other investment pools must have been purchased by investors other than Plans for at least one year prior to any Plan's acquisition of securities.

Moreover, the Underwriter Exemptions generally provide relief from certain self-dealing/conflict of interest prohibited transactions that may occur when a Plan fiduciary causes a Plan to acquire securities of an issuer holding receivables as to which the fiduciary (or its affiliate) is an obligor, provided that, among other requirements:

- in the case of an acquisition in connection with the initial issuance of certificates, at least fifty percent (50%) of each class of certificates in which Plans have invested, and at least fifty percent (50%) of aggregate interests in the issuer are acquired by persons independent of the Restricted Group;
- the fiduciary (or its affiliate) is an obligor with respect to not more than five percent (5%) of the fair market value of the obligations contained in the investment pool;
- the Plan's investment in securities of any class does not exceed twenty-five percent (25%) of all of the securities of that class outstanding at the time of the acquisition;
- immediately after the acquisition, no more than twenty-five percent (25%) of the assets of any Plan with respect to which the person is a fiduciary is invested in securities representing an interest in one or more issuers containing assets sold or serviced by the same entity; and
- the Plan is not sponsored by a member of the Restricted Group, as defined below.

The Underwriter Exemptions provide only limited relief to Plans sponsored by the seller, an underwriter, the trustee, the master servicer, any provider of credit support to the trust, any counterparty to a swap contained in the trust, any obligor with respect to loans included in the investment pool constituting more than five percent (5%) of the aggregate unamortized principal balance of the assets in the trust fund, or any affiliate of those parties (the "Restricted Group").

The Underwriter Exemptions provide exemptive relief to certain mortgage-backed and asset-backed securities transactions using pre-funding accounts. Mortgage loans or other secured receivables (the "obligations") supporting payments to securityholders, and having a value equal to no more than twenty-five percent (25%) of the total principal amount of the securities being offered by the issuer, may be transferred to the issuer within a 90-day or three-month period following the closing date, instead of being required to be either identified or transferred on or before the closing date. The relief is available when the prefunding account satisfies certain conditions.

The rating of a security may change. If a class of securities no longer has a required rating from at least one Rating Agency, the security will no longer be eligible for relief under the Underwriter Exemption (although a Plan that had purchased the security when it had a permitted rating would not be required by the Underwriter Exemption to dispose of it.) A certificate that satisfies the requirements of the Underwriter Exemptions other than the rating requirement may be eligible for purchase by an insurance company investing assets of its general account that include plan assets when the requirements of Sections I and III of Prohibited Transaction Class Exemption 95-60 are met.

The prospectus supplement for each series of securities will indicate the classes of securities, if any, offered thereby as to which it is expected that an Underwriter Exemption will apply.

Any Plan fiduciary which proposes to cause a Plan to purchase securities are encouraged to consult with its counsel concerning the impact of ERISA and the Code, the applicability of the Underwriter Exemptions, the effect of the Plan Assets Regulation, and the potential consequences in their specific circumstances, prior to making that

investment. Moreover, each Plan fiduciary should determine whether under the general fiduciary standards of investment prudence and diversification an investment in the securities is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio.

The sale of certificates to a Plan is in no respect a representation by the issuer or any underwriter of the Certificates that this investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that this investment is appropriate for Plans generally or any particular Plan.

Legal Investment

The prospectus supplement for each series of securities will specify which, if any, of the classes of securities offered thereby constitute "mortgage related securities" for purposes of the Secondary Mortgage Market Enhancement Act of 1984 ("SMMEA"). Classes of securities that qualify as "mortgage related securities" will be legal investments for persons, trusts, corporations, partnerships, associations, business trusts, and business entities (including depository institutions, life insurance companies and pension funds) created pursuant to or existing under the laws of the United States or of any state (including the District of Columbia and Puerto Rico) whose authorized investments are subject to state regulations to the same extent as, under applicable law, obligations issued by or guaranteed as to principal and interest by the United States or those entities. Under SMMEA, if a state enacts legislation prior to October 4, 1991 specifically limiting the legal investment authority of those entities with respect to "mortgage related securities", securities will constitute legal investments for entities subject to the legislation only to the extent provided therein. Approximately twenty-one states adopted the legislation prior to the October 4, 1991 deadline. SMMEA provides, however, that in no event will the enactment of that legislation affect the validity of any contractual commitment to purchase, hold or invest in securities, or require the sale or other disposition of securities, so long as the contractual commitment was made or the securities were acquired prior to the enactment of the legislation.

SMMEA also amended the legal investment authority of federally-chartered depository institutions as follows: federal savings and loan associations and federal savings banks may invest in, sell or otherwise deal in securities without limitations as to the percentage of their assets represented thereby, federal credit unions may invest in mortgage related securities, and national banks may purchase securities for their own account without regard to the limitations generally applicable to investment securities set forth in 12 U.S.C. 24 (Seventh), subject in each case to that regulations that the applicable federal authority may prescribe. In this connection, federal credit unions should review the National Credit Union Administration ("NCUA") Letter to Credit Unions No. 96, as modified by Letter to Credit Unions No. 108, which includes guidelines to assist federal credit unions in making investment decisions for mortgage related securities and the NCUA's regulation "Investment and Deposit Activities" (12 C.F.R. Part 703), which sets forth certain restrictions on investment by federal credit unions in mortgage related securities (in each case whether or not the class of securities under consideration for purchase constituted a "mortgage related security"). The NCUA issued final regulations effective December 2, 1991 that restrict and in some instances prohibit the investment by Federal Credit Unions in certain types of mortgage related securities.

All depository institutions considering an investment in the securities (whether or not the class of securities under consideration for purchase constitutes a "mortgage related security") should review the Federal Financial Institutions Examination Council's Supervisory Policy Statement on the Securities Activities (to the extent adopted by their respective regulators) (the "Policy Statement") setting forth, in relevant part, certain securities trading and sales practices deemed unsuitable for an institution's investment portfolio, and guidelines for (and restrictions on) investing in mortgage derivative products, including "mortgage related securities", which are "high-risk mortgage securities" as defined in the Policy Statement. According to the Policy Statement, those "high-risk mortgage securities" include securities not entitled to distributions allocated to principal or interest, or Subordinate Securities. Under the Policy Statement, it is the responsibility of each depository institution to determine, prior to purchase (and at stated intervals thereafter), whether a particular mortgage derivative product is a "high-risk mortgage security", and whether the purchase (or retention) of that product would be consistent with the Policy Statement.

The foregoing does not take into consideration the applicability of statutes, rules, regulations, orders guidelines or agreements generally governing investments made by a particular investor, including, but not limited to "prudent investor" provisions, percentage-of-assets limits and provisions which may restrict or prohibit

investment in securities which are not “interest bearing” or “income paying,” or in securities which are issued in book-entry form.

There may be other restrictions on the ability of certain investors, including depository institutions, either to purchase securities or to purchase securities representing more than a specified percentage of the investor’s assets. Investors are encouraged to consult their own legal advisors in determining whether and to what extent the securities constitute legal investments for those investors.

Method of Distribution

Securities are being offered hereby in series from time to time (each series evidencing or relating to a separate trust fund) through any of the following methods:

- by negotiated firm commitment or best efforts underwriting and public reoffering by underwriters, including in a securitization of any securities of any series by the depositor or any of its affiliates;
- by agency placements through one or more placement agents primarily with institutional investors and dealers; and
- by placement directly by the depositor with institutional investors.

A prospectus supplement will be prepared for each series which will describe the method of offering being used for that series and will set forth the identity of any underwriters thereof and either the price at which the series is being offered, the nature and amount of any underwriting discounts or additional compensation to those underwriters and the proceeds of the offering to the depositor, or the method by which the price at which the underwriters will sell the securities will be determined. Each prospectus supplement for an underwritten offering will also contain information regarding the nature of the underwriters’ obligations, any material relationship between the depositor and any underwriter and, where appropriate, information regarding any discounts or concessions to be allowed or reallocated to dealers or others and any arrangements to stabilize the market for the securities so offered. In firm commitment underwritten offerings, the underwriters will be obligated to purchase all of the securities of the series if any of those securities are purchased. Securities may be acquired by the underwriters for their own accounts and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale.

Underwriters and agents may be entitled under agreements entered into with the depositor to indemnification by the depositor against certain civil liabilities, including liabilities under the Securities Act, or to contribution with respect to payments which the underwriters or agents may be required to make in respect thereof.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each underwriter will be required to represent and agree with the depositor that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) and with respect to any class of securities with a minimum denomination of less than \$100,000, it has not made and will not make an offer of securities to the public in that Relevant Member State prior to the publication of a prospectus in relation to the securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of securities to the public in that Relevant Member State at any time:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

(c) in any other circumstances which do not require the publication by the depositor of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of securities to the public” in relation to any class of securities of a series, which class has a minimum denomination of less than \$100,000, in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

If a series is offered other than through underwriters, the prospectus supplement relating thereto will contain information regarding the nature of the offering and any agreements to be entered into between the depositor and purchasers of securities of the series.

Legal Matters

The validity of the securities of each series, including certain federal income tax consequences with respect thereto, will be passed upon for the depositor by Sidley Austin LLP, 787 Seventh Avenue, New York, New York 10019, or by Thacher Proffitt & Wood LLP, Two World Financial Center, New York, New York 10281, as specified in the prospectus supplement.

Financial Information

A new trust fund will be formed with respect to each series of securities and no trust fund will engage in any business activities or have any assets or obligations prior to the issuance of the related series of securities. Accordingly, no financial statements with respect to any trust fund will be included in this prospectus or in the related prospectus supplement.

Rating

It is a condition to the issuance of the securities of each series offered hereby and by the prospectus supplement that they shall have been rated in one of the four highest rating categories by the nationally recognized statistical rating agency or agencies (each, a “Rating Agency”) specified in the related prospectus supplement.

The rating would be based on, among other things, the adequacy of the value of the Trust Fund Assets and any credit enhancement with respect to the class and will reflect the Rating Agency’s assessment solely of the likelihood that holders of a class of securities of the class will receive payments to which the securityholders are entitled under the related Agreement. The rating will not constitute an assessment of the likelihood that principal prepayments on the related loans will be made, the degree to which the rate of the prepayments might differ from that originally anticipated or the likelihood of early optional termination of the series of securities. The rating should not be deemed a recommendation to purchase, hold or sell securities, inasmuch as it does not address market price or suitability for a particular investor. Each security rating should be evaluated independently of any other security rating. The rating will not address the possibility that prepayment at higher or lower rates than anticipated by an investor may cause the investor to experience a lower than anticipated yield or that an investor purchasing a security at a significant premium might fail to recoup its initial investment under certain prepayment scenarios.

We can give no assurance that any the rating will remain in effect for any given period of time or that it may not be lowered or withdrawn entirely by the Rating Agency in the future if in its judgment circumstances in the future so warrant. In addition to being lowered or withdrawn due to any erosion in the adequacy of the value of the Trust Fund Assets or any credit enhancement with respect to a series, the rating might also be lowered or withdrawn among other reasons, because of an adverse change in the financial or other condition of a credit enhancement provider or a change in the rating of the credit enhancement provider’s long term debt.

The amount, type and nature of credit enhancement, if any, established with respect to a series of securities will be determined on the basis of criteria established by each Rating Agency rating classes of the series. The criteria are sometimes based upon an actuarial analysis of the behavior of mortgage loans in a larger group. The analysis is often the basis upon which each Rating Agency determines the amount of credit enhancement required with respect to each the class. We can give no assurance that the historical data supporting the actuarial analysis will accurately reflect future experience nor assurance that the data derived from a large pool of mortgage loans accurately predicts the delinquency, foreclosure or loss experience of any particular pool of loans. We can give no assurance that values of any Properties have remained or will remain at their levels on the respective dates of origination of the related loans. If the residential real estate markets should experience an overall decline in property values such that the outstanding principal balances of the loans in a particular trust fund and any secondary financing on the related Properties become equal to or greater than the value of the Properties, the rates of delinquencies, foreclosures and losses could be higher than those now generally experienced in the mortgage lending industry. In addition, adverse economic conditions (which may or may not affect real property values) may affect the timely payment by mortgagors of scheduled payments of principal and interest on the loans and, accordingly, the rates of delinquencies, foreclosures and losses with respect to any trust fund. To the extent that those losses are not covered by credit enhancement, the losses will be borne, at least in part, by the holders of one or more classes of the securities of the related series.

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\$1,602,525,100
(Approximate)

Asset-Backed Certificates, Series 2006-13

CWABS Asset-Backed Certificates Trust 2006-13

Issuing Entity

CWABS, Inc.

Depositor



Countrywide Home Loans Servicing LP

Master Servicer

PROSPECTUS SUPPLEMENT

Countrywide Securities Corporation

Bear, Stearns & Co. Inc.

Lehman Brothers

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information.

We are not offering the Series 2006-13 Asset-Backed Certificates in any state where the offer is not permitted.

Dealers will deliver a prospectus supplement and prospectus when acting as underwriters of the Series 2006-13 Asset-Backed Certificates and with respect to their unsold allotments or subscriptions. In addition, all dealers selling the Series 2006-13 Asset-Backed Certificates will be required to deliver a prospectus supplement and prospectus for 90 days after the date of the prospectus supplement.

July 27, 2006