

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS MEETING THE QUALIFICATIONS DESCRIBED IN THE ATTACHED OFFERING DOCUMENT (THE “MEMORANDUM”).

IMPORTANT: You must read the following before continuing. The following applies to the Memorandum following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Memorandum. In accessing the Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. ACQUISITION AND TRANSFER OF THE SECURITIES ARE SUBJECT TO ANY ADDITIONAL RESTRICTIONS DESCRIBED IN THE MEMORANDUM.

EXCEPT AS SET FORTH IN THE MEMORANDUM, THE MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this Memorandum, investors must be either (1) Qualified Institutional Buyers (“QIBs”) (within the meaning of Rule 144A under the Securities Act) or (2) non-U.S. persons (within the meaning of Regulation S under the Securities Act). This Memorandum is being sent at your request and by accepting the e-mail and accessing this Memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) non-U.S. persons, and that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the U.S., and (2) that you consent to delivery of the Memorandum by electronic transmission.

You are reminded that this Memorandum has been delivered to you on the basis that you are a person into whose possession this Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this Memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction.

This Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently no underwriter or initial purchaser nor any person who controls it nor any director, officer, employee nor agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Memorandum distributed to you in electronic format and the hard copy version available to you on request from the underwriter or initial purchaser.

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\$900,548,000 (Approximate)
STRUCTURED ASSET SECURITIES CORPORATION
Mortgage Pass-Through Certificates, Series 2007-MLN1

AURORA LOAN SERVICES

Lehman Brothers Holdings Inc.
Sponsor and Seller
Structured Asset Securities Corporation
Mortgage Loan Trust 2007-MLN1
Issuing Entity

Aurora Loan Services LLC
Master Servicer
Structured Asset Securities Corporation
Depositor

Consider carefully the risk factors beginning on page 23 of this private placement memorandum.

For a list of capitalized terms used in this private placement memorandum, see the glossary of defined terms beginning on page 155 in this private placement memorandum.

The certificates will represent interests in the issuing entity only and will not represent interests in or obligations of the sponsor, the depositor or any of their affiliates or any other entity.

The trust fund will issue certificates including the following classes offered hereby:

- Five classes of senior certificates
- Eleven classes of subordinate certificates

The classes of certificates offered by this private placement memorandum are listed, together with their initial class principal amounts and interest rates, in the table under “The Offered Certificates” on page 1 of this private placement memorandum. This private placement memorandum relates only to the offering of the certificates listed in the table on page 1 and not to the other classes of certificates that will be issued by the trust fund as described in this private placement memorandum.

Principal and interest on the offered certificates will be payable monthly, as described in this private placement memorandum. The first expected distribution date will be March 26, 2007. Credit enhancement for the offered certificates includes excess interest, overcollateralization, subordination, loss allocation and limited cross-collateralization features. Amounts payable under an interest rate swap agreement and an interest rate cap agreement, both provided by Swiss Re Financial Products Corporation, will be applied to pay certain interest shortfalls, maintain overcollateralization and repay certain losses.

The assets of the trust fund will primarily consist of two pools of conventional, first lien, adjustable and fixed rate, fully amortizing and balloon, residential mortgage loans, which were originated in accordance with underwriting guidelines that are not as strict as Fannie Mae and Freddie Mac guidelines.

THE CERTIFICATES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR ANY STATE SECURITIES OR BLUE SKY LAWS. THIS PRIVATE PLACEMENT MEMORANDUM IS NOT TO BE COPIED OR OTHERWISE REPRODUCED IN ANY MANNER WHATSOEVER. FAILURE TO COMPLY WITH THIS DIRECTIVE CAN RESULT IN A VIOLATION OF THE SECURITIES ACT.

The certificates offered by this private placement memorandum will be purchased by Lehman Brothers Inc. (“Lehman Brothers”) from Structured Asset Securities Corporation, and are being offered from time to time for sale in one or more privately negotiated transactions or otherwise at varying prices to be determined at the time of sale.

On or about March 13, 2007, delivery of the certificates offered by this private placement memorandum will be made through the book-entry facilities of The Depository Trust Company, and upon request, through Clearstream Banking Luxembourg and the Euroclear System.

LEHMAN BROTHERS

March 10, 2007

**Important notices about information presented in this
private placement memorandum:**

We are not offering the certificates in any state where the offer is not permitted. We do not claim that the information in this private placement memorandum is accurate as of any date other than the date stated on the cover.

THE OFFERED CERTIFICATES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR ANY STATE SECURITIES OR BLUE SKY LAWS, AND ARE BEING OFFERED (A) IN THE UNITED STATES EXCLUSIVELY TO (1) “QUALIFIED INSTITUTIONAL BUYERS” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (“RULE 144A”) OR (2) INSTITUTIONAL “ACCREDITED INVESTORS” (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT), EXCEPT IN THE CASE OF THE INITIAL PURCHASERS OF CERTIFICATES RESOLD ON THE CLOSING DATE BY LEHMAN BROTHERS INC., SOLELY IN THE FORM OF DEFINITIVE CERTIFICATES, AND (B) TO NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS PURSUANT TO RULES 901 THROUGH 905 OF THE SECURITIES ACT (“REGULATION S”). EACH PURCHASER OF CERTIFICATES OFFERED HEREBY IN MAKING ITS PURCHASE WILL BE REQUIRED TO MAKE CERTAIN ACKNOWLEDGEMENTS, REPRESENTATIONS, WARRANTIES AND AGREEMENTS AS SET FORTH UNDER “NOTICE TO INVESTORS” IN THIS PRIVATE PLACEMENT MEMORANDUM AND IN COMPLIANCE WITH THE TRANSFER PROVISIONS OF THE TRUST AGREEMENT. ALL TRANSFERS OF THE OFFERED CERTIFICATES TO INSTITUTIONAL “ACCREDITED INVESTORS” MUST BE MADE IN DEFINITIVE FORM

IF A NON-U.S. PURCHASER IS ACQUIRING AN OFFERED CERTIFICATE, OR AN INTEREST THEREIN, IN RELIANCE ON REGULATION S, SUCH INVESTOR BY ITS ACQUISITION THEREOF IS DEEMED TO HAVE REPRESENTED AND WARRANTED THAT (A) UNTIL THE EXPIRATION OF THE “DISTRIBUTION COMPLIANCE PERIOD” WITHIN THE MEANING OF REGULATION S, ANY OFFER, SALE, PLEDGE OR OTHER TRANSFER THEREOF SHALL NOT BE MADE IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S) AND (B) IF THE OFFERED CERTIFICATES ARE HELD WITHIN THE UNITED STATES OR SUCH HOLDER IS A U.S. PERSON, SUCH HOLDER IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A.

THE INITIAL PURCHASERS OF OFFERED CERTIFICATES FROM LEHMAN BROTHERS, AND PROSPECTIVE TRANSFEREES OF DEFINITIVE CERTIFICATES, WILL BE REQUIRED TO MAKE CERTAIN REPRESENTATIONS WITH RESPECT TO THEIR ABILITY TO INVEST IN THE OFFERED CERTIFICATES AS SET FORTH IN AN INVESTMENT LETTER, FORMS OF WHICH ACCOMPANY THIS PRIVATE PLACEMENT MEMORANDUM AS EXHIBITS I, II AND III.

NO PERSON OTHER THAN THE DEPOSITOR HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PRIVATE PLACEMENT MEMORANDUM AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON. THIS PRIVATE PLACEMENT MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE SECURITIES OFFERED HEREBY AND IS

NOT AN OFFER OF SUCH SECURITIES TO ANY PERSON IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH OFFER WOULD BE UNLAWFUL. THE DELIVERY OF THIS PRIVATE PLACEMENT MEMORANDUM AT ANY TIME DOES NOT IMPLY THAT INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE TIME AS OF WHICH IT IS GIVEN.

THIS PRIVATE PLACEMENT MEMORANDUM IS FURNISHED TO YOU ON A CONFIDENTIAL BASIS SOLELY FOR THE PURPOSE OF EVALUATION OF THE INVESTMENT OFFERED HEREBY. THE INFORMATION CONTAINED HEREIN MAY NOT BE REPRODUCED OR USED IN WHOLE OR IN PART FOR ANY OTHER PURPOSE.

IT IS EXPECTED THAT INVESTORS INTERESTED IN PARTICIPATING IN THIS PRIVATE PLACEMENT WILL CONDUCT AN INDEPENDENT INVESTIGATION OF THE RISKS POSED BY AN INVESTMENT IN THE OFFERED CERTIFICATES. REPRESENTATIVES OF THE DEPOSITOR WILL BE AVAILABLE TO ANSWER QUESTIONS CONCERNING THE DEPOSITOR AND THE OFFERED CERTIFICATES AND WILL, UPON REQUEST, MAKE AVAILABLE SUCH INFORMATION AS INVESTORS MAY REASONABLY REQUEST.

THIS PRIVATE PLACEMENT MEMORANDUM IS NOT INTENDED TO FURNISH LEGAL, REGULATORY, TAX OR ACCOUNTING ADVICE TO ANY PROSPECTIVE PURCHASER OF THE OFFERED CERTIFICATES. THIS PRIVATE PLACEMENT MEMORANDUM AND THE EXHIBITS HERETO SHOULD BE REVIEWED BY EACH PROSPECTIVE PURCHASER AND ITS LEGAL, REGULATORY, TAX AND ACCOUNTING ADVISORS.

NOTICE TO RESIDENTS OF THE UNITED KINGDOM

LEHMAN BROTHERS AGREES THAT IT:

(I) HAS NOT OFFERED OR SOLD AND WILL NOT OFFER OR SELL ANY OFFERED CERTIFICATES TO PERSONS IN THE UNITED KINGDOM PRIOR TO ADMISSION OF THE CERTIFICATES TO LISTING IN ACCORDANCE WITH PART VI OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE "FSMA"), EXCEPT TO PERSONS WHOSE ORDINARY ACTIVITIES INVOLVE THEM IN ACQUIRING, HOLDING, MANAGING OR DISPOSING OF INVESTMENTS (AS PRINCIPAL OR AGENT) FOR THE PURPOSES OF THEIR BUSINESSES OR OTHERWISE IN CIRCUMSTANCES WHICH HAVE NOT RESULTED AND WILL NOT RESULT IN AN OFFER TO THE PUBLIC IN THE UNITED KINGDOM WITHIN THE MEANING OF THE PUBLIC OFFERS OF SECURITIES REGULATIONS 1995 OR THE FSMA;

(II) HAS NOT OFFERED OR SOLD AND, PRIOR TO THE EXPIRATION OF A PERIOD OF SIX MONTHS FROM THE ISSUE DATE OF THE OFFERED CERTIFICATES, WILL NOT OFFER OR SELL ANY OFFERED CERTIFICATES TO PERSONS IN THE UNITED KINGDOM EXCEPT TO PERSONS WHOSE ORDINARY ACTIVITIES INVOLVE THEM IN ACQUIRING, HOLDING, MANAGING OR DISPOSING OF INVESTMENTS (AS PRINCIPAL OR AGENT) FOR THE PURPOSES OF THEIR BUSINESSES OR OTHERWISE IN CIRCUMSTANCES WHICH HAVE NOT RESULTED AND WILL NOT RESULT IN AN OFFER TO THE PUBLIC IN THE UNITED KINGDOM WITHIN THE MEANING OF THE PUBLIC OFFERS OF SECURITIES REGULATIONS 1995;

(III) HAS ONLY COMMUNICATED OR CAUSED TO BE COMMUNICATED AND WILL ONLY COMMUNICATE OR CAUSE TO BE COMMUNICATED ANY INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FSMA) RECEIVED BY IT IN CONNECTION WITH THE ISSUE OR SALE OF ANY OFFERED CERTIFICATES IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA DOES NOT APPLY TO THE ISSUER; AND

(IV) HAS COMPLIED AND WILL COMPLY WITH ALL APPLICABLE PROVISIONS OF THE FSMA WITH RESPECT TO ANYTHING DONE BY IT IN RELATION TO THE OFFERED CERTIFICATES IN, FROM OR OTHERWISE INVOLVING THE UNITED KINGDOM.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

TO THE EXTENT THAT STATEMENTS CONTAINED HEREIN DO NOT RELATE TO HISTORICAL OR CURRENT INFORMATION, THIS PRIVATE PLACEMENT MEMORANDUM MAY BE DEEMED TO CONSIST OF FORWARD LOOKING STATEMENTS THAT INVOLVE RISKS AND UNCERTAINTIES THAT MAY ADVERSELY AFFECT THE PAYMENTS TO BE MADE IN RESPECT OF THE OFFERED CERTIFICATES AND, CONSEQUENTLY, THE YIELDS ON SUCH OFFERED CERTIFICATES. SUCH RISKS AND UNCERTAINTIES ARE DISCUSSED UNDER “RISK FACTORS” AND “YIELD, PREPAYMENT AND WEIGHTED AVERAGE LIFE.” NO ASSURANCES CAN BE GIVEN AS TO THE ACTUAL PAYMENTS ON, OR THE YIELDS OF, THE OFFERED CERTIFICATES.

THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, AND SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, IMPOSE CERTAIN REQUIREMENTS ON THOSE EMPLOYEE BENEFIT PLANS OR OTHER RETIREMENT ARRANGEMENTS TO WHICH THEY APPLY (EACH A “PLAN”) AND ON THOSE PERSONS WHO ARE FIDUCIARIES WITH RESPECT TO THE ASSETS OF SUCH PLANS. THE OFFERED CERTIFICATES MAY NOT BE ACQUIRED BY A TRANSFEREE FOR, ON BEHALF OF OR WITH THE ASSETS OF A PLAN, EXCEPT AS DESCRIBED UNDER “ERISA CONSIDERATIONS” IN THIS PRIVATE PLACEMENT MEMORANDUM.

ANY INVESTOR OR POTENTIAL INVESTOR IN THE OFFERED CERTIFICATES (AND EACH EMPLOYEE, REPRESENTATIVE, OR OTHER AGENT OF SUCH PERSON OR ENTITY) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION, THE TAX TREATMENT AND TAX STRUCTURE OF THE TRANSACTION (AS DEFINED IN UNITED STATES TREASURY REGULATIONS SECTION 1.6011-4 OR ANY COMPARABLE PROVISIONS OF STATE OR LOCAL LAW) AND ALL DIRECTLY RELATED MATERIALS OF ANY KIND, INCLUDING OPINIONS OR OTHER TAX ANALYSES, THAT ARE PROVIDED TO SUCH PERSON OR ENTITY.

FOR EUROPEAN INVESTORS ONLY

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA WHICH HAS IMPLEMENTED THE PROSPECTUS DIRECTIVE (EACH, A “RELEVANT MEMBER STATE”), LEHMAN BROTHERS INC. HAS REPRESENTED AND AGREED THAT WITH EFFECT FROM AND INCLUDING THE DATE ON WHICH THE PROSPECTUS DIRECTIVE IS IMPLEMENTED IN THAT RELEVANT MEMBER STATE (THE “RELEVANT IMPLEMENTATION DATE”) IT HAS NOT MADE AND WILL NOT MAKE AN OFFER OF CERTIFICATES IN THAT RELEVANT MEMBER STATE PRIOR TO THE PUBLICATION OF AN OFFERING DOCUMENT IN RELATION TO THE CERTIFICATES 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 CERTIFICATES 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 ISSUER OF AN OFFERING DOCUMENT PURSUANT TO ARTICLE 3 OF THE PROSPECTUS DIRECTIVE.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN “OFFER OF CERTIFICATES” IN RELATION TO ANY CERTIFICATES 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 CERTIFICATES TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE OR SUBSCRIBE THE CERTIFICATES, 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.

We include cross-references in this private placement memorandum to captions herein where you can find further related discussions. The following table of contents provides the pages on which these captions are located.

Table of Contents

<u>Page</u>	<u>Page</u>		
The Offered Certificates	1	Servicing Account and Collection	
Summary of Terms	3	Account.....	97
Risk Factors	23	Servicing Compensation and Payment	
Glossary	51	of Expenses	97
Description of the Certificates	51	Waiver or Modification of Mortgage	
General.....	51	Loan Terms	98
Book-Entry Registration	52	Prepayment Interest Shortfalls	98
Restrictions on Transfer.....	56	Advances	98
Distributions of Interest	57	Collection of Taxes, Assessments and	
Determination of LIBOR.....	59	Similar Items.....	99
Distributions of Principal.....	60	Insurance Coverage	99
Credit Enhancement.....	64	Evidence as to Compliance	99
Supplemental Interest Trust.....	68	Master Servicer Default; Servicer	
Optional Purchase of the Mortgage		Default	99
Loans.....	74	Amendment of the Servicing	
Fees and Expenses of the Trust Fund.....	74	Agreement.....	100
Description of the Mortgage Pools	75	Custody of the Mortgage Files	100
General.....	75	The Credit Risk Manager	100
Adjustable Rate Mortgage Loans	78	Optional Purchase of Defaulted	
The Index.....	78	Mortgage Loans	100
Pool 1 Mortgage Loans.....	79	Special Servicer for Distressed	
Pool 2 Mortgage Loans.....	79	Mortgage Loans	101
Affiliations and Relationships.....	79	Actions by the Sponsor and its	
Additional Information	80	Affiliates	101
The Sponsor	80	The Trust Agreement.....	102
General.....	80	General	102
Securitization Activities of the		The Issuing Entity	102
Sponsor.....	82	The Trustee.....	103
The Depositor.....	82	Assignment of Mortgage Loans	104
Origination of the Mortgage Loans and		Representations and Warranties	104
Underwriting Guidelines.....	83	Certain Matters Under the Trust	
General.....	83	Agreement.....	107
Mortgage Lenders Network		Reports to Certificateholders.....	111
Underwriting Guidelines.....	84	Voting Rights	113
The Master Servicer.....	86	Yield, Prepayment and Weighted	
General.....	86	Average Life	113
Master Servicing.....	86	General	113
The Servicer	88	Overcollateralization	117
General.....	88	Subordination of the Offered	
Countrywide Home Loans Servicing		Subordinate Certificates.....	117
LP	88	Weighted Average Life	117
Administration of the Trust Fund.....	90	Certain Legal Aspects of the Mortgage	
Servicing and Administration		Loans	119
Responsibilities	90	General	119
Trust Accounts.....	93	Types of Mortgage Instruments.....	119
Example of Distributions.....	94	Interest in Real Property.....	120
Mortgage Loan Servicing	96	Foreclosure	120
General.....	96		

Anti-Deficiency Legislation, the	Other Considerations.....	146
Bankruptcy Code and Other	Use of Proceeds	146
Limitations on Lenders	Offering	146
Consumer Protection Laws.....	Legal Matters.....	146
Environmental Considerations.....	Ratings.....	147
Subordinate Financing.....	Notice to Investors.....	147
Applicability of Usury Laws	Glossary of Defined Terms.....	155
Alternative Mortgage Instruments.....	Annex A: Global Clearance, Settlement	
Servicemembers Civil Relief Act.....	and Tax Documentation Procedures	A-1
Forfeitures in Drug and RICO	Annex B: Certain Characteristics of the	
Proceedings	Mortgage Loans.....	B-1
IRS Circular 230 Notice.....	Annex C-1: Assumed Mortgage Loan	
Material Federal Income Tax	Characteristics	C-1-1
Considerations.....	Annex C-2: Principal Amount	
General.....	Decrement Tables.....	C-2-1
Tax Treatment of the Offered	Annex D-1: Swap Agreement Scheduled	
Certificates	Notional Amounts and Rates of	
Taxation of REMIC Regular Interests	Payment.....	D-1-1
Foreign Persons	Annex D-2: Interest Rate Cap Agreement	
Information Reporting	Scheduled Notional Amounts and	
Taxes on a REMIC	Strike Rate.....	D-2-1
Special Tax Attributes	Exhibit I: Form of Rule 144A Investment	
Backup Withholding.....	Letter (Definitive Certificates).....	I-1
Reportable Transactions	Exhibit II: Form of Institutional	
Legal Investment Considerations.....	Accredited Investor Investment Letter	
Accounting Considerations.....	(Definitive Certificates).....	II-1
ERISA Considerations.....	Exhibit III-1: Form of Transfer	
General.....	Certificate for Transfer from Restricted	
Underwriter Exemption Applicable to	Global Security to Regulation S Global	
Purchases of the ERISA Eligible	Security	III-1-1
Certificates	Exhibit III-2: Form of Transfer	
General Conditions of the Exemptions.....	Certificate for Transfer from Regulation	
Designated Transactions.....	S Global Security to Restricted Global	
Limitations on Scope of Relief.....	Security	III-2-1
Applicability of Exemption to the		
Offered Certificates.....		

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The Offered Certificates

The certificates consist of the classes of certificates listed in the tables below, together with the Class P, Class X, Class LT-R and Class R Certificates. Only the classes of certificates listed in the tables below are offered by this private placement memorandum.

Class	Related Mortgage Pool(s)	Class Principal Amount ⁽¹⁾	Initial Interest Rate ⁽²⁾	Interest	Interest	Principal Type	Interest Type	Initial Certificate Ratings ⁽⁶⁾		
				Rate Formula (until Initial Optional Termination Date) ^{(3) (4)}	Rate Formula (after Initial Optional Termination Date) ^{(4) (5)}			S&P	Moody's	Fitch
A1	1	\$348,018,000	5.550%	LIBOR plus 0.230%	LIBOR plus 0.460%	Senior	Variable Rate	AAA	Aaa	AAA
A2	2	\$216,871,000	5.440%	LIBOR plus 0.120%	LIBOR plus 0.240%	Senior, Sequential Pay	Variable Rate	AAA	Aaa	AAA
A3	2	\$ 42,790,000	5.500%	LIBOR plus 0.180%	LIBOR plus 0.360%	Senior, Sequential Pay	Variable Rate	AAA	Aaa	AAA
A4	2	\$ 69,036,000	5.560%	LIBOR plus 0.240%	LIBOR plus 0.480%	Senior, Sequential Pay	Variable Rate	AAA	Aaa	AAA
A5	2	\$ 30,143,000	5.620%	LIBOR plus 0.300%	LIBOR plus 0.600%	Senior, Sequential Pay	Variable Rate	AAA	Aaa	AAA
M1	1 & 2	\$ 40,105,000	5.670%	LIBOR plus 0.350%	LIBOR plus 0.525%	Subordinated	Variable Rate	AA+	Aa1	AA+
M2	1 & 2	\$ 37,827,000	5.870%	LIBOR plus 0.550%	LIBOR plus 0.825%	Subordinated	Variable Rate	AA	Aa2	AA
M3	1 & 2	\$ 12,761,000	6.120%	LIBOR plus 0.800%	LIBOR plus 1.200%	Subordinated	Variable Rate	AA-	Aa3	AA-
M4	1 & 2	\$ 18,230,000	6.220%	LIBOR plus 0.900%	LIBOR plus 1.350%	Subordinated	Variable Rate	A+	A1	A+
M5	1 & 2	\$ 13,672,000	6.420%	LIBOR plus 1.100%	LIBOR plus 1.650%	Subordinated	Variable Rate	A	A2	A
M6	1 & 2	\$ 8,203,000	6.720%	LIBOR plus 1.400%	LIBOR plus 2.100%	Subordinated	Variable Rate	A-	A3	A-
M7	1 & 2	\$ 9,115,000	7.820%	LIBOR plus 2.500%	LIBOR plus 3.750%	Subordinated	Variable Rate	BBB+	Baa1	BBB+
M8	1 & 2	\$ 7,747,000	7.820%	LIBOR plus 2.500%	LIBOR plus 3.750%	Subordinated	Variable Rate	BBB	Baa2	BBB
M9	1 & 2	\$ 11,394,000	7.820%	LIBOR plus 2.500%	LIBOR plus 3.750%	Subordinated	Variable Rate	BBB-	Baa3	BBB-
B1	1 & 2	\$ 13,216,000	7.820%	LIBOR plus 2.500%	LIBOR plus 3.750%	Subordinated	Variable Rate	BB+	Ba1	BB+
B2	1 & 2	\$ 21,420,000	7.820%	LIBOR plus 2.500%	LIBOR plus 3.750%	Subordinated	Variable Rate	BB	N/R	BB

(1) These balances are approximate, as described in this private placement memorandum.

(2) Reflects the interest rate as of the closing date.

(3) Reflects the interest rate formula up to and including the earliest possible distribution date on which the master servicer has the option to purchase the mortgage loans as described in this private placement memorandum under “Description of the Certificates—Optional Purchase of the Mortgage Loans.”

(4) Subject to the applicable net funds cap, as described in this private placement memorandum under “Summary of Terms—The Certificates—Payments on the Certificates—Interest Payments.”

(5) Reflects the interest rate formula after the option to purchase the mortgage loans is not exercised by the master servicer on the earliest possible distribution date as described in this private placement memorandum under “Description of the Certificates—Optional Purchase of the Mortgage Loans.”

(6) The designation “N/R” means that the specified rating agency will not rate the certificates of that class.

The offered certificates will also have the following characteristics:

Class	Record Date⁽¹⁾	Delay / Accrual Period⁽²⁾	Interest Accrual Convention	Final Scheduled Distribution Date⁽³⁾	Expected Final Distribution Date⁽⁴⁾	Minimum Denominations⁽⁵⁾	Incremental Denominations	CUSIP Number (144A)	CUSIP Number (Reg S)
A1	DD	0 day	Actual/360	1/25/2037	8/25/2013	\$ 25,000	\$1	863613 AA3	U8602Q AA2
A2	DD	0 day	Actual/360	1/25/2037	12/25/2008	\$ 25,000	\$1	863613 AB1	U8602Q AB0
A3	DD	0 day	Actual/360	1/25/2037	6/25/2009	\$ 25,000	\$1	863613 AC9	U8602Q AC8
A4	DD	0 day	Actual/360	1/25/2037	1/25/2013	\$ 25,000	\$1	863613 AD7	U8602Q AD6
A5	DD	0 day	Actual/360	1/25/2037	8/25/2013	\$ 25,000	\$1	863613 AE5	U8602Q AE4
M1	DD	0 day	Actual/360	1/25/2037	4/25/2011	\$100,000	\$1	863613 AF2	U8602Q AF1
M2	DD	0 day	Actual/360	1/25/2037	8/25/2013	\$100,000	\$1	863613 AG0	U8602Q AG9
M3	DD	0 day	Actual/360	1/25/2037	8/25/2013	\$100,000	\$1	863613 AH8	U8602Q AH7
M4	DD	0 day	Actual/360	1/25/2037	8/25/2013	\$100,000	\$1	863613 AJ4	U8602Q AJ3
M5	DD	0 day	Actual/360	1/25/2037	8/25/2013	\$100,000	\$1	863613 AK1	U8602Q AK0
M6	DD	0 day	Actual/360	1/25/2037	8/25/2013	\$100,000	\$1	863613 AL9	U8602Q AL8
M7	DD	0 day	Actual/360	1/25/2037	8/25/2013	\$100,000	\$1	863613 AM7	U8602Q AM6
M8	DD	0 day	Actual/360	1/25/2037	8/25/2013	\$100,000	\$1	863613 AN5	U8602Q AN4
M9	DD	0 day	Actual/360	1/25/2037	8/25/2013	\$100,000	\$1	863613 AP0	U8602Q AP9
B1	DD	0 day	Actual/360	1/25/2037	8/25/2013	\$100,000	\$1	863613 AQ8	U8602Q AQ7
B2	DD	0 day	Actual/360	1/25/2037	5/25/2008	\$100,000	\$1	863613 AR6	U8602Q AR5

- (1) DD = For any distribution date, the close of business on the business day immediately before that distribution date.
- (2) 0 day = For any distribution date, the interest accrual period will be the period beginning on the immediately preceding distribution date (or March 9, 2007, in the case of the first interest accrual period) and ending on the calendar day immediately before the related distribution date.
- (3) The final scheduled distribution date for the offered certificates is based upon the second distribution date after the date of the last scheduled payment of the latest maturing mortgage loan.
- (4) The expected final distribution date, based upon (a) a constant prepayment rate of 30% per annum and the modeling assumptions used in this private placement memorandum, as described under “Yield, Prepayment and Weighted Average Life—Weighted Average Life” and (b) the assumption that the option to purchase the mortgage loans is exercised by the master servicer at the earliest possible distribution date as described in this private placement memorandum under “Description of the Certificates—Optional Purchase of the Mortgage Loans.” The actual final distribution date for each class of offered certificates may be earlier or later, and could be substantially later, than the applicable expected final distribution date listed above.
- (5) With respect to initial European investors only, Lehman Brothers Inc. will only sell offered certificates in minimum total investment amounts of \$100,000.

Summary of Terms

- **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 the offering of the certificates, it is necessary that you read carefully this entire document.**
- **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 private placement memorandum before making any investment decision.**
- **Some of the information that follows consists of forward-looking statements relating to future economic performance or projections and other financial items. Forward-looking statements are subject to a variety of risks and uncertainties, such as general economic and business conditions and regulatory initiatives and compliance, many of which are beyond the control of the parties participating in this transaction. Accordingly, what actually happens may be very different from the projections included in this private placement memorandum.**
- **Whenever we refer to a percentage of some or all of the mortgage loans in the trust fund or in a mortgage pool, that percentage has been calculated on the basis of the total scheduled principal balance of those mortgage loans as of February 1, 2007, unless we specify otherwise. We explain in this private placement memorandum under “Glossary of Defined Terms” how the scheduled principal balance of a mortgage loan is determined. Whenever we refer in this Summary of Terms or in the Risk Factors section of this private placement memorandum to the total principal balance of any mortgage loans, we mean the total of their scheduled principal balances unless we specify otherwise.**

Parties

Sponsor and Seller

Lehman Brothers Holdings Inc. will sell the mortgage loans to the depositor.

Depositor

Structured Asset Securities Corporation, a Delaware special purpose corporation, will sell the mortgage loans to the issuing entity. The depositor’s address is 745 Seventh Avenue, New York, New York 10019, and its telephone number is (212) 526-7000.

Issuing Entity

Structured Asset Securities Corporation Mortgage Loan Trust 2007-MLN1, a common law trust formed under the laws of the State of New York.

Trustee

Wells Fargo Bank, N.A. will act as trustee of the trust fund and will be responsible for preparing monthly distribution statements and certain tax information for investors and certain tax filings for the trust fund.

Master Servicer

Aurora Loan Services LLC, an affiliate of the seller, the depositor and Lehman Brothers Inc., will oversee the servicing of the mortgage loans by the primary servicer.

Primary Servicer

On the closing date, Countrywide Home Loans Servicing LP will service all of the mortgage loans included in the trust fund.

Credit Risk Manager

Clayton Fixed Income Services Inc. will prepare certain loan-level reports for the trust fund which will be available for review by certificateholders.

Originator

Mortgage Lenders Network USA, Inc. originated all of the mortgage loans to be included in the trust fund and sold the mortgage loans to an affiliate of the sponsor. On February 5, 2007, MLN filed for bankruptcy protection under Chapter 11 of the US Bankruptcy Code. See “Risk Factors—Risks Relating to Bankruptcy of Mortgage Lenders Network USA Inc.”

Swap Counterparty

Swiss Re Financial Products Corporation.

Cap Counterparty

Swiss Re Financial Products Corporation.

The Certificates

The certificates offered by this private placement memorandum will be issued with the initial approximate characteristics set forth under “The Offered Certificates” in the table on page 1.

The offered certificates will be issued in book-entry form, except in the case of those classes, if any, placed with institutional “accredited investors,” which will be issued in definitive form. The minimum denominations and the incremental denominations of each class of offered certificates are set forth in the table on page 2.

The certificates represent ownership interests in a trust fund, the assets of which will consist primarily of conventional, first lien, adjustable and fixed rate, fully amortizing and balloon, residential mortgage loans having a total principal balance as of the cut-off date, which is February 1, 2007, of approximately

\$911,486,558. In addition, the supplemental interest trust will hold an interest rate swap agreement and an interest rate cap agreement for the benefit of the certificateholders.

For purposes of allocating payments of interest and principal to certificateholders, the mortgage loans to be included in the trust fund will be divided into two mortgage pools: “pool 1” and “pool 2.” Pool 1 will consist of those mortgage loans in the trust fund with original principal balances that do not exceed the applicable Freddie Mac maximum original loan amount limitations for one- to four-family residential mortgaged properties. Pool 2 will consist of mortgage loans with original principal balances that may be less than, equal to, or in excess of, Fannie Mae and Freddie Mac original loan amount limitations for one- to four- family residential mortgaged properties.

Payments of principal and interest on the Class A1 Certificates, or the “group 1 certificates,” will be based primarily on collections from pool 1 mortgage loans. Payments of principal and interest on the Class A2, Class A3, Class A4 and Class A5 Certificates, or the “group 2 certificates,” will be based primarily on collections from pool 2 mortgage loans. Payments of principal and interest on the Class M1, Class M2, Class M3, Class M4, Class M5, Class M6, Class M7, Class M8, Class M9, Class B1 and Class B2 Certificates will be based on collections from both mortgage pools as described herein.

The rights of holders of the Class M1, Class M2, Class M3, Class M4, Class M5, Class M6, Class M7, Class M8, Class M9, Class B1 and Class B2 Certificates to receive payments of principal and interest will be subordinate to the rights of the holders of certificates having a senior priority of payment, as described in this Summary of Terms under “—Enhancement of Likelihood of Payment on the Certificates— Subordination of Payments” below. We refer to the Class M1, Class M2, Class M3, Class M4, Class M5, Class M6, Class M7, Class M8, Class M9, Class B1 and Class B2 Certificates collectively as “offered subordinate” certificates. We refer to the Class A1, Class A2, Class A3,

Class A4 and Class A5 Certificates collectively as “senior” certificates.

So long as the Class B2 Certificates are outstanding, the Class B2 Certificates, in addition to required payments of principal and interest, will generally be entitled to any monthly excess cashflow remaining after certain required distributions are made to the other offered certificates to maintain overcollateralization and to repay “deferred amounts” and basis risk shortfalls. After the Class B2 Certificates have been retired, the Class X Certificates will be entitled to any monthly excess cashflow remaining after required distributions are made to the offered certificates, as described herein.

The Class P Certificates will be entitled to all the cash flow from the mortgage pools solely arising from any prepayment premiums paid by the borrowers on certain voluntary, full and partial prepayments of the mortgage loans. Accordingly, these amounts will not be available for payments to the servicer or to holders of other classes of certificates.

The Class X, Class P, Class LT-R and Class R Certificates are not offered by this private placement memorandum.

The offered certificates will have an approximate total initial principal amount of \$900,548,000. Any difference between the total principal amount of the offered certificates on the date they are issued and the approximate total principal amount of the offered certificates as reflected in this private placement memorandum will not exceed 5%.

Payments on the Certificates

Principal and interest on the certificates will be paid on the 25th day of each month, beginning in March 2007. However, if the 25th day is not a business day, payments will be made on the next business day after the 25th day of the month.

Interest Payments

Amounts Available for Interest Payments

Interest will accrue on each class of offered certificates at the applicable annual rates described below:

- *Class A1 Certificates*: the lesser of (1) the applicable annual rate as described in the table on page 1 and (2) with respect to any distribution date on which any of the Class A2, Class A3, Class A4 or Class A5 Certificates are outstanding, the pool 1 net funds cap; and after the distribution date on which the class principal amounts of the Class A2, Class A3, Class A4 and Class A5 Certificates have each been reduced to zero, the subordinate net funds cap.
- *Class A2, Class A3, Class A4 and Class A5 Certificates*: the lesser of (1) the applicable annual rate as described in the table on page 1 and (2) with respect to any distribution date on which the Class A1 Certificates are outstanding, the pool 2 net funds cap; and after the distribution date on which the class principal amount of the Class A1 Certificates has been reduced to zero, the subordinate net funds cap.

Interest will accrue on each class of the Class M1, Class M2, Class M3, Class M4, Class M5, Class M6, Class M7, Class M8, Class M9, Class B1 and Class B2 Certificates at an annual rate equal to the lesser of (1) the applicable annual rate as described in the table on page 1 and (2) the subordinate net funds cap.

If the option to purchase the mortgage loans is not exercised by the master servicer on the initial optional termination date as described under “—The Mortgage Loans—Optional Purchase of the Mortgage Loans” below, then with respect to the next distribution date and each distribution date thereafter, the annual rate in clause (1) of each interest rate formula set forth above will be increased for each class of offered certificates to the applicable annual rate as described in the table on page 1, subject in each case to the applicable net funds cap.

See “—The Mortgage Loans—Optional Purchase of the Mortgage Loans” below.

The pool 1 net funds cap is a limitation generally based on the weighted average mortgage rate of the pool 1 mortgage loans during the applicable collection period, net of certain fees and expenses of the trust fund, any net swap payments or swap termination payments (not due to a breach by the swap counterparty or certain termination events where the swap counterparty is the sole affected party) owed to the swap counterparty allocable to pool 1. The pool 2 net funds cap is a limitation generally based on the weighted average mortgage rate of the pool 2 mortgage loans during the applicable collection period, net of certain fees and expenses of the trust fund, any net swap payments or swap termination payments (not due to a breach by the swap counterparty or certain termination events where the swap counterparty is the sole affected party) owed to the swap counterparty allocable to pool 2. The subordinate net funds cap is generally the weighted average of the pool 1 net funds cap and the pool 2 net funds cap.

See “Description of the Certificates—Distributions of Interest—Interest Distribution Priorities” in this private placement memorandum for a description of the priority of payment of interest and “Glossary of Defined Terms” in this private placement memorandum for a description of the defined terms relevant to the payment of interest.

Priority of Interest Payments

The key payment concept for payments of interest is the “interest remittance amount,” which is, generally, for any distribution date and either mortgage pool, the amount of interest collected or advanced by the servicer on the mortgage loans in that mortgage pool during the related collection period, plus other amounts collected or recovered (such as insurance proceeds) which are allocated to interest, but minus the servicing fee and certain costs reimbursable to the trustee, the servicer, the master servicer or the custodian.

See “Glossary of Defined Terms” in this private placement memorandum for a description of the interest remittance amount.

On each distribution date (or, in the case of payments to the swap counterparty, the business day prior to each distribution date), the interest remittance amount for each mortgage pool will be paid in the following order of priority:

first, to the interest rate swap account, any net swap payment or swap termination payment (not due to a breach by the swap counterparty or certain termination events where the swap counterparty is the sole affected party) owed to the swap counterparty, to be paid from each of pool 1 and pool 2 interest collections in proportion to the total principal balance of the mortgage loans in each mortgage pool and then from the unrelated mortgage pool to the extent not paid;

second, concurrently, (a) from pool 1 interest collections, to the Class A1 Certificates, current interest due and any interest unpaid from the previous distribution date and (b) from pool 2 interest collections, to the Class A2, Class A3, Class A4 and Class A5 Certificates, on a *pro rata* basis, based on the interest entitlements of each such class, current interest due and any interest unpaid from the previous distribution date; *provided* that any interest collections remaining after the payments in clauses (a) and (b) have been made, will be applied to pay interest due and not paid to the senior certificates related to the other mortgage pool;

fourth, to each class of Class M1, Class M2, Class M3, Class M4, Class M5, Class M6, Class M7, Class M8, Class M9, Class B1 and Class B2 Certificates, sequentially, in that order, current interest due and any interest unpaid for each such class from the previous distribution date;

fifth, to the credit risk manager, the credit risk manager’s fee;

sixth, to the trustee, certain unreimbursed extraordinary costs; and

seventh, any remaining amount of interest remittance amount will be applied as part of monthly excess cashflow for that distribution date, as described under “—Enhancement of Likelihood of Payment on the Certificates—Application of Excess Cashflow” below.

See “Description of the Certificates—Distributions of Interest—Interest Distribution Priorities” in this private placement memorandum for a complete description of the priority of payment of interest.

Principal Payments

Amounts Available for Principal Payments

The amount of principal payable to the offered certificates will be determined by (1) formulas that allocate portions of principal payments received on the mortgage loans from both mortgage pools and among the different certificate classes, (2) funds received on the mortgage loans that are available to make principal payments on the certificates and (3) the application of excess interest from both mortgage pools. Funds received on the mortgage loans may consist of (1) expected monthly scheduled payments or (2) unexpected payments resulting from prepayments or defaults by borrowers, liquidation of defaulted mortgage loans or repurchases of mortgage loans under the circumstances described in this private placement memorandum.

The manner of allocating payments of principal on the mortgage loans will differ, as described in this private placement memorandum, depending upon the occurrence of several different events or triggers:

- whether a distribution date occurs before or on or after the “stepdown date,” which is the earlier of (A) the first distribution date following the distribution date on which the class principal amounts of all of the senior certificates have been paid to zero and (B) the later of (1) the distribution date in March 2010 and (2) the first distribution date on which the ratio of (a) the total principal balance of the offered subordinate

certificates plus any overcollateralization amount to (b) the total principal balance of the mortgage loans in the trust fund equals or exceeds the percentage specified in this private placement memorandum;

- whether a “cumulative loss trigger event” occurs, which is when cumulative losses on the mortgage loans are higher than certain levels specified in this private placement memorandum; and
- whether a “delinquency event” occurs, which is when the rate of delinquencies of the mortgage loans over any three-month period is higher than certain levels set forth in this private placement memorandum.

See “Description of the Certificates—Distributions of Principal—Principal Distribution Priorities” in this private placement memorandum for the priority of payment of principal and “Glossary of Defined Terms” in this private placement memorandum for a description of the defined terms relevant to the payment of principal.

Priority of Principal Payments

The key payment concept for payments of principal is the “principal distribution amount,” which is, generally, for any distribution date and either mortgage pool, the amount of principal collected or advanced by the servicer on the mortgage loans in that mortgage pool during the related collection period, including any prepayments in full or in part collected during the related prepayment period, plus other amounts collected or recovered (such as insurance proceeds) which are allocated to principal, minus certain costs reimbursable to the trustee, the servicer, the master servicer and the custodian.

See “Glossary of Defined Terms” in this private placement memorandum for a description of the principal distribution amount.

A. On each distribution date (or, in the case of payments to the swap counterparty, the business day prior to each distribution date)

which occurs (a) before the stepdown date or (b) when a trigger event is in effect, the principal distribution amount for each mortgage pool will be paid in the following order of priority until the total class principal amount of the offered certificates equals a specified credit enhancement target for that distribution date:

first, to the interest rate swap account, any net swap payment or swap termination payment (not due to a breach by the swap counterparty or certain termination events where the swap counterparty is the sole affected party) owed to the swap counterparty to be paid from each of the pool 1 and pool 2 principal collections in proportion to the total principal balance of the mortgage loans of each mortgage pool (to the extent those amounts were not paid previously or were not paid from the interest remittance amount);

second, to the interest rate swap account, the amount of any net swap payment or swap termination payment (not due to a breach by the swap counterparty or certain termination events where the swap counterparty is the sole affected party) owed to the swap counterparty to the extent not paid from the other mortgage pool (to the extent those amounts were not paid previously or not paid from the interest remittance amount);

third, on a concurrent basis, (i) all principal collections from the pool 1 mortgage loans will be paid to the Class A1 Certificates, until such class has been paid to zero and (ii) all principal collections from the pool 2 mortgage loans will be paid to the Class A2, Class A3, Class A4 and Class A5 Certificates, sequentially, in that order, until each such class has been paid to zero; *provided, however*, if the class or classes of one group have been paid to zero, all principal collections from the related mortgage pool will be allocated to the class or classes of the remaining group until such class or classes have been reduced to zero;

fourth, to each class of Class M1, Class M2, Class M3, Class M4, Class M5, Class M6, Class M7, Class M8, Class M9, Class B1 and

Class B2 Certificates, sequentially, in that order, until each such class has been paid to zero; and

fifth, any remaining amount of the principal distribution amount will be applied as part of monthly excess cashflow for that distribution date, as described under “—Enhancement of Likelihood of Payment on the Certificates—Application of Excess Cashflow” below.

B. On each distribution date (or, in the case of payments to the swap counterparty, the business day prior to each distribution date) which occurs (a) on or after the stepdown date and (b) when a trigger event is not in effect, the principal distribution amount for each mortgage pool will be paid in the following order of priority:

first, to the interest rate swap account, any net swap payment or swap termination payment (not due to a breach by the swap counterparty or certain termination events where the swap counterparty is the sole affected party) owed to the swap counterparty to be paid from each of the pool 1 and pool 2 principal collections in proportion to the total principal balance of the mortgage loans of each mortgage pool (to the extent those amounts were not paid previously or not paid from the interest remittance amount);

second, to the interest rate swap account, the amount of any net swap payment or swap termination payment (not due to a breach by the swap counterparty or certain termination events where the swap counterparty is the sole affected party) owed to the swap counterparty to the extent not paid from the other mortgage pool (to the extent that those amounts were not paid previously or were not paid from the interest remittance amount);

third, on a concurrent basis, to the senior certificates of each group in the same manner as provided in priority *third* in clause A. above, except that principal collections will only be allocated to each class of senior certificates in an amount necessary to maintain a credit enhancement target;

fourth, to each class of Class M1, Class M2, Class M3, Class M4, Class M5, Class M6, Class M7, Class M8, Class M9 and Class B1 Certificates, sequentially, in that order, until each such class has been paid to maintain certain credit enhancement targets in accordance with the principal payment priorities in effect for that distribution date as described under “—Description of the Certificates—Distributions of Principal—Principal Distribution Priorities”;

fifth, to the Class B2 Certificates, until such class has been reduced to zero; and

sixth, any remaining amount of principal distribution amount will be applied as part of monthly excess cashflow for that distribution date, as described under “—Enhancement of Likelihood of Payment on the Certificates—Application of Excess Cashflow” below.

See “Description of the Certificates—Distributions of Principal—Principal Distribution Priorities” and “Glossary of Defined Terms” in this private placement memorandum for a complete description of the priority of payment of principal and for a description of the terms relating to the payment of principal, respectively.

The Interest Rate Swap Agreement

The trustee, on behalf of the supplemental interest trust, will enter into an interest rate swap agreement with Swiss Re Financial Products Corporation, as swap counterparty. Under the interest rate swap agreement, one business day prior to each distribution date, beginning in April 2007 and ending in February 2013, the supplemental interest trust will be obligated to make fixed payments at the applicable rate of payment owed by the trust fund, which will range from 4.81% to 5.46% annually, as described in this private placement memorandum, and the swap counterparty will be obligated to make floating payments at LIBOR (as determined under the interest rate swap agreement), in each case calculated on a scheduled notional amount and adjusted to a monthly basis. To the extent that a fixed payment exceeds the floating payment relating

to any distribution date, amounts otherwise available to certificateholders will be applied to make a net swap payment to the swap counterparty, and to the extent that a floating payment exceeds the fixed payment on any distribution date, the swap counterparty will owe a net swap payment to the supplemental interest trust.

Any net swap payments received from the swap counterparty under the interest rate swap agreement will be deposited into the interest rate swap account and will generally be paid on each distribution date (or, in the case of payments to the swap counterparty, the business day prior to each distribution date) in the following order of priority:

first, to the swap counterparty, any net swap payment owed to the swap counterparty, and then any unpaid swap termination payment (not due to a breach by the swap counterparty or certain termination events where the swap counterparty is the sole affected party) owed to the swap counterparty;

second, to the senior certificates, *pro rata*, based on the interest entitlements of each such class, and then to the Class M1, Class M2, Class M3, Class M4, Class M5, Class M6, Class M7, Class M8, Class M9, Class B1 and Class B2 Certificates, sequentially and in that order, any interest which remains unpaid under the interest payment priorities;

third, to the senior certificates in accordance with the principal payment priorities in effect for such distribution date as described in “Payments on the Certificates —Principal Payments—Priority of Principal Payments” above, the amount of principal necessary to maintain certain credit enhancement targets;

fourth, to each class of Class M1, Class M2, Class M3, Class M4, Class M5, Class M6, Class M7, Class M8, Class M9, Class B1 and Class B2 Certificates, sequentially, in that order, until each such class has been

paid to maintain certain credit enhancement targets in accordance with the principal payment priorities in effect for that distribution date as described under “—Description of the Certificates—Credit Enhancement—Application of Monthly Excess Cashflow”;

fifth, to each class of Class M1, Class M2, Class M3, Class M4, Class M5, Class M6, Class M7, Class M8, Class M9, Class B1 and Class B2 Certificates, sequentially and in that order, any “deferred amounts,” which generally are amounts in respect of any unpaid realized losses previously allocated to those certificates;

sixth, to the senior certificates, *pro rata*, based on the basis risk shortfall amount of each such class, and then to the Class M1, Class M2, Class M3, Class M4, Class M5, Class M6, Class M7, Class M8, Class M9, Class B1 and Class B2 Certificates, sequentially, in that order, any basis risk shortfalls on those classes;

seventh, for the purchase of any replacement interest rate swap agreement (if necessary);

eighth, to the swap counterparty, any unpaid swap termination payment owed to the swap counterparty which was due to a breach by the swap counterparty or certain termination events where the swap counterparty is the sole affected party; and

ninth, to the Class X Certificates.

See “*Description of the Certificates—Supplemental Interest Trust—Interest Rate Swap Agreement*” and “*—Application of Deposits and Payments Received by the Supplemental Interest Trust—Interest Rate Swap Agreement*” in this private placement memorandum.

The Interest Rate Cap Agreement

The trustee, on behalf of the supplemental interest trust, will enter into an interest rate cap agreement with Swiss Re Financial Products

Corporation, as cap counterparty. Under the interest rate cap agreement, on the business day prior to each distribution date, beginning on the distribution date in April 2008 and ending on the distribution date in February 2012, the cap counterparty will be obligated to make payments to the supplemental interest trust if one-month LIBOR (as determined under the interest rate cap agreement) moves above 6.50%, in each case calculated on a scheduled notional amount and adjusted to a monthly basis.

Any cap payments received from the cap counterparty under the interest rate cap agreement will be deposited into the interest rate cap account and will generally be paid on each distribution date in the following order of priority:

first, to the senior certificates, *pro rata*, based on the interest entitlement of each such class, and then to the Class M1, Class M2, Class M3, Class M4, Class M5, Class M6, Class M7, Class M8, Class M9, Class B1 and Class B2 Certificates, sequentially, in that order, any interest which remains unpaid under the interest payment priorities and the interest rate swap payment priorities for that distribution date;

second, to the senior certificates in accordance with the principal payment priorities in effect for such distribution date as described in “Payments on the Certificates —Principal Payments—Priority of Principal Payments” above, the amount of principal necessary to maintain certain credit enhancement targets;

third, to each class of Class M1, Class M2, Class M3, Class M4, Class M5, Class M6, Class M7, Class M8, Class M9, Class B1 and Class B2 Certificates, sequentially, in that order, until each such class has been paid to maintain certain credit enhancement targets in accordance with the principal payment priorities in effect for that distribution date as described under “—Description of the Certificates—Credit Enhancement—Application of Monthly Excess Cashflow”;

fourth, to each class of Class M1, Class M2, Class M3, Class M4, Class M5, Class M6,

Class M7, Class M8, Class M9, Class B1 and Class B2 Certificates, sequentially, in that order, any “deferred amounts,” which generally are amounts in respect of any unpaid realized losses previously allocated to those certificates;

fifth, to the senior certificates, *pro rata*, based on the basis risk shortfall amount of each such class, and then to the Class M1, Class M2, Class M3, Class M4, Class M5, Class M6, Class M7, Class M8, Class M9, Class B1 and Class B2 Certificates, sequentially, in that order, any basis risk shortfalls on those classes;

sixth, for the purchase of any replacement interest rate cap agreement (if necessary); and

seventh, to the Class X Certificates.

See “Description of the Certificates—Supplemental Interest Trust—Interest Rate Cap Agreement” and “—Application of Deposits and Payments Received by the Supplemental Interest Trust—Interest Rate Cap Agreement” in this private placement memorandum.

Limited Recourse

The only sources of cash available to make interest and principal payments on the certificates will be the assets of the trust fund and the supplemental interest trust. The trust fund will have no source of cash other than collections and recoveries of the mortgage loans through insurance or otherwise, limited amounts on deposit in a reserve fund as described under “Description of the Certificates—Distributions of Interest—Basis Risk Shortfalls” in this private placement memorandum, payments received under an interest rate swap agreement as described under “—Enhancement of Likelihood of Payment on the Certificates—The Interest Rate Swap Agreement” below and payments received under an interest rate cap agreement as described under “—Enhancement of Likelihood of Payment on the Certificates—The Interest Rate Cap Agreement” below. No other entity will be required or expected to make any payments on the certificates.

Enhancement of Likelihood of Payment on the Certificates

In order to enhance the likelihood that holders of more senior classes of certificates will receive regular payments of interest and principal, the payment structure of this securitization includes subordination, loss allocation, overcollateralization, excess interest and the application of excess cashflow and limited cross-collateralization features. In addition, amounts payable under an interest rate swap agreement and an interest rate cap agreement will be applied to pay certain interest shortfalls, maintain overcollateralization and repay certain losses. The certificates will not be insured by any financial guaranty insurance policy.

The Class B2 Certificates are more likely to experience losses than the Class B1, Class M9, Class M8, Class M7, Class M6, Class M5, Class M4, Class M3, Class M2 and Class M1 Certificates and the senior certificates. The Class B1 Certificates are more likely to experience losses than the Class M9, Class M8, Class M7, Class M6, Class M5, Class M4, Class M3, Class M2 and Class M1 Certificates and the senior certificates. The Class M9 Certificates are more likely to experience losses than the Class M8, Class M7, Class M6, Class M5, Class M4, Class M3, Class M2 and Class M1 Certificates and the senior certificates. The Class M8 Certificates are more likely to experience losses than the Class M7, Class M6, Class M5, Class M4, Class M3, Class M2 and Class M1 Certificates and the senior certificates. The Class M7 Certificates are more likely to experience losses than the Class M6, Class M5, Class M4, Class M3, Class M2 and Class M1 Certificates and the senior certificates. The Class M6 Certificates are more likely to experience losses than the Class M5, Class M4, Class M3, Class M2 and Class M1 Certificates and the senior certificates. The Class M5 Certificates are more likely to experience losses than the Class M4, Class M3, Class M2 and Class M1 Certificates and the senior certificates. The Class M4 Certificates are more likely to experience losses than the Class M3, Class M2 and Class M1 Certificates and the senior certificates. The Class

M3 Certificates are more likely to experience losses than the Class M2 and Class M1 Certificates and the senior certificates. The Class M2 Certificates are more likely to experience losses than the Class M1 Certificates and the senior certificates. The Class M1 Certificates are more likely to experience losses than the senior certificates.

See “Risk Factors—Risks Related to Potential Inadequacy of Credit Enhancement and Other Support,” “Description of the Certificates—Credit Enhancement” and “—Supplemental Interest Trust” in this private placement memorandum for a more detailed description of the forms of credit enhancement available to the certificates.

Subordination of Payments

The senior certificates will have a payment priority as a group over all other certificates. The Class M1 Certificates will have a payment priority over the Class M2, Class M3, Class M4, Class M5, Class M6, Class M7, Class M8, Class M9, Class B1 and Class B2 Certificates; the Class M2 Certificates will have a payment priority over the Class M3, Class M4, Class M5, Class M6, Class M7, Class M8, Class M9, Class B1 and Class B2 Certificates; the Class M3 Certificates will have a payment priority over the Class M4, Class M5, Class M6, Class M7, Class M8, Class M9, Class B1 and Class B2 Certificates; the Class M4 Certificates will have a payment priority over the Class M5, Class M6, Class M7, Class M8, Class M9, Class B1 and Class B2 Certificates; the Class M5 Certificates will have a payment priority over the Class M6, Class M7, Class M8, Class M9, Class B1 and Class B2 Certificates; the Class M6 Certificates will have a payment priority over the Class M7, Class M8, Class M9, Class B1 and Class B2 Certificates; the Class M7 Certificates will have a payment priority over the Class M8, Class M9, Class B1 and Class B2 Certificates; the Class M8 Certificates will have a payment priority over the Class M9, Class B1 and Class B2 Certificates; the Class M9 Certificates will have a payment priority over the Class B1 and Class B2 Certificates; and the Class B1 Certificates will have a payment priority over the Class B2

Certificates. Each class of offered certificates will have a payment priority over the Class X, Class LT-R and Class R Certificates.

See “Risk Factors—Risks Related to Potential Inadequacy of Credit Enhancement and Other Support” and “Description of the Certificates—Credit Enhancement—Subordination” in this private placement memorandum.

Allocation of Losses

As described in this private placement memorandum, amounts representing losses on the mortgage loans (to the extent that those losses exceed any monthly excess cashflow and any overcollateralization, as described in this private placement memorandum) will be applied to reduce the principal amount of the subordinate class of certificates still outstanding that has the lowest payment priority, until the principal amount of that class of certificates has been reduced to zero. For example, losses in excess of overcollateralization and excess cashflow will first be allocated in reduction of the principal amount of the Class B2 Certificates until it is reduced to zero, then in reduction of the principal amount of the Class B1 Certificates until it is reduced to zero, then in reduction of the principal amount of the Class M9 Certificates until it is reduced to zero, then in reduction of the principal amount of the Class M8 Certificates until it is reduced to zero, then in reduction of the principal amount of the Class M7 Certificates until it is reduced to zero, then in reduction of the principal amount of the Class M6 Certificates until it is reduced to zero, then in reduction of the principal amount of the Class M5 Certificates until it is reduced to zero, then in reduction of the principal amount of the Class M4 Certificates until it is reduced to zero, then in reduction of the principal amount of the Class M3 Certificates until it is reduced to zero, then in reduction of the principal amount of the Class M2 Certificates until it is reduced to zero, and then finally in reduction of the principal amount of the Class M1 Certificates until it is reduced to zero. If a loss has been allocated to reduce the principal amount of a subordinate certificate, it is unlikely that investors will receive any

payment in respect of that reduction. Amounts representing losses on the mortgage loans will not be applied to the senior certificates; however, if the applicable subordination is insufficient to absorb losses, then holders of senior certificates may incur losses and may never receive all of their principal payments.

See “Risk Factors—Risks Related to Potential Inadequacy of Credit Enhancement and Other Support” and “Description of the Certificates—Credit Enhancement—Application of Realized Losses” in this private placement memorandum.

Overcollateralization

On the closing date, the total principal balance of the mortgage loans in the trust fund is expected to exceed the total principal amount of the offered certificates by approximately \$10,938,558, which represents approximately 1.20% of the total principal balance of the mortgage loans in the trust fund as of the cut-off date. This condition is referred to in this private placement memorandum as “overcollateralization.” Thereafter, to the extent described in this private placement memorandum, a portion of excess interest may be applied to pay principal on the certificates to the extent needed to maintain the required level of overcollateralization. We cannot, however, assure you that sufficient interest will be generated by the mortgage loans to maintain any level of overcollateralization.

See “Risk Factors—Risks Related to Potential Inadequacy of Credit Enhancement and Other Support” and “Description of the Certificates—Credit Enhancement—Overcollateralization” in this private placement memorandum.

Excess Interest

The mortgage loans bear interest each month that, in the aggregate, is expected to exceed the amount needed to pay monthly interest on the offered certificates, certain fees and expenses of the trust fund and any net swap payments owed to the swap counterparty. This

“excess interest” received from the mortgage loans each month will be available to absorb realized losses on the mortgage loans and to maintain the required level of overcollateralization, as described below under “—Application of Excess Cashflow.”

See “Risk Factors—Risks Related to Potential Inadequacy of Credit Enhancement and Other Support” and “Description of the Certificates—Credit Enhancement—Excess Interest” in this private placement memorandum.

Application of Excess Cashflow

The amount of any excess interest, together with (a) any excess amounts of overcollateralization not needed to maintain the required level of overcollateralization as specified by the rating agencies and (b) certain amounts of the principal distribution amount not paid to the certificates will be applied as “excess cashflow” in order to pay principal on the offered certificates, to absorb realized losses on the mortgage loans, to maintain the required level of overcollateralization, to pay interest shortfalls and to pay additional amounts to the Class B2 Certificates, as described under “Description of the Offered Certificates—Application of Monthly Excess Cashflow” in this private placement memorandum.

Any excess cashflow will be paid on each distribution date in the following order of priority:

first, the excess cashflow will be paid as principal to the offered certificates generally in accordance with the principal payment priorities summarized under “—Payments on the Certificates—Principal Payments—Priority of Principal Payments” above after giving effect to clauses *third* and *fourth* above under “—The Interest Rate Swap Agreement” and clauses *second* and *third* above under “—The Interest Rate Cap Agreement” in an amount necessary to maintain certain credit enhancement targets;

second, to each class of Class M1, Class M2, Class M3, Class M4, Class M5, Class M6, Class M7, Class M8, Class M9, Class B1 and Class B2 Certificates, sequentially, in that order, as “deferred amounts,” which generally are amounts in respect of any unpaid realized losses previously allocated to those certificates;

third, to the senior certificates, *pro rata*, based on the basis risk shortfall amount of each such class, and then to the Class M1, Class M2, Class M3, Class M4, Class M5, Class M6, Class M7, Class M8, Class M9, Class B1 and Class B2 Certificates, sequentially, in that order, to pay any basis risk shortfalls on those classes;

fourth, to the Class B2 Certificates, as principal, until the class principal amount of such class has been reduced to zero;

fifth, to the swap counterparty, any unpaid swap termination payment owed to the swap counterparty which was due to a breach by the swap counterparty or to certain termination events where the swap counterparty is the sole affected party; and

sixth, any remaining excess cashflow will be paid to various certificates not offered by this private placement memorandum, including residual certificates.

See “Risk Factors—Risks Related to Potential Inadequacy of Credit Enhancement and Other Support” and see also “Description of the Certificates—Credit Enhancement—Application of Monthly Excess Cashflow” in this private placement memorandum for a complete description of the priority of payment of excess cashflow.

Limited Cross-Collateralization

Under certain limited circumstances, principal payments on the mortgage loans in a mortgage pool may be distributed as principal to

holders of the senior certificates corresponding to the other mortgage pool.

If the senior certificates relating to one mortgage pool have been retired, then principal payments on the mortgage loans relating to the retired senior certificates will be distributed to the remaining senior certificates of the other mortgage pool, if any, before being distributed to the subordinate classes of certificates.

See “Risk Factors—Risks Related to Potential Inadequacy of Credit Enhancement and Other Support” and “Description of the Certificates—Distributions of Principal” in this private placement memorandum.

The Interest Rate Swap Agreement

Any net swap payment received from the swap counterparty under the interest rate swap agreement will be applied to pay certain interest shortfalls, maintain overcollateralization and repay certain losses, as described in this private placement memorandum.

See “Risk Factors—Risks Related to Potential Inadequacy of Credit Enhancement and Other Support—The Interest Rate Swap Agreement,” “Description of the Certificates—Supplemental Interest Trust—Interest Rate Swap Agreement” and “—Application of Deposits and Payments Received by the Supplemental Interest Trust—Interest Rate Swap Agreement” in this private placement memorandum.

The Interest Rate Cap Agreement

Any payment received under the interest rate cap agreement will be applied to pay interest shortfalls, maintain overcollateralization and repay certain losses, as described in this private placement memorandum.

See “Risk Factors—Risks Related to Potential Inadequacy of Credit Enhancement and Other Support—The Interest Rate Cap Agreement,” “Description of the Certificates—Supplemental Interest Trust—Interest Rate Cap Agreement” and “—Application of Deposits and Payments Received by the Supplemental Interest

Trust—Interest Rate Cap Agreement” in this private placement memorandum.

Fees and Expenses

Before payments are made on the certificates, the servicer will be paid a monthly fee calculated at a fixed rate of 0.50% per annum, on the scheduled principal balance of the mortgage loans serviced by the servicer (subject to reduction as described in this private placement memorandum).

The master servicer will receive as compensation all investment earnings on amounts on deposit in the collection account. The trustee will receive as compensation the investment income on funds held in the certificate account after payment of certain fees and expenses of the custodian. After payments of interest on the certificates have been made, the credit risk manager will be paid a monthly fee calculated as 0.008% annually on the scheduled principal balance of the mortgage loans.

Fees to the cap counterparty in consideration of the cap counterparty’s entering into the interest rate cap agreement will be paid by the seller on or prior to the closing date and will not be payable from the assets of the trust fund.

Expenses of the servicer, the custodian and the master servicer will be reimbursed before payments are made on the certificates. Expenses of the trustee will be reimbursed up to a specified amount annually before payments are made on the certificates; any additional unpaid expenses will be paid to the trustee after payments of interest on the certificates and payment of the credit risk manager’s fee have been made.

See “Fees and Expenses of the Trust Fund” in this private placement memorandum.

Final Scheduled Distribution Date

The final scheduled distribution date for the offered certificates will be the applicable distribution date specified in the table on page 2.

The final scheduled distribution date for the offered certificates is based upon the second distribution date after the date of the last scheduled payment of the latest maturing mortgage loan. The actual final distribution date for each class of offered certificates may be earlier or later, and could be substantially earlier, than the applicable final scheduled distribution date.

The NIMS Insurer

One or more insurance companies, referred to herein collectively as the NIMS Insurer, may issue a financial guaranty insurance policy covering certain payments to be made on net interest margin securities to be issued by a separate trust or other special purpose entity and secured by all or a portion of the Class P and Class X Certificates. In that event, the NIMS Insurer will be able to exercise rights which could adversely affect certificateholders.

We refer you to “Risk Factors—Rights of a NIMS Insurer May Affect Securities” in this private placement memorandum for additional information concerning the NIMS Insurer.

The Mortgage Loans

General

On the closing date, which is expected to be March 13, 2007, the assets of the trust fund will consist primarily of two mortgage pools of conventional, first lien, adjustable and fixed rate, fully amortizing and balloon, residential mortgage loans with a total principal balance as of the cut-off date of approximately \$911,486,558. Payments of principal and interest on the Class A1 Certificates will be based primarily on collections from pool 1 mortgage loans. Payments of principal and interest on the Class A2, Class A3, Class A4 and Class A5 Certificates will be based primarily on collections from pool 2 mortgage loans. Payments of principal and interest on the subordinate certificates will be based on collections from both mortgage pools as described herein. The mortgage loans will be secured by mortgages, deeds of trust or other

security instruments, all of which are referred to in this private placement memorandum as mortgages.

The depositor expects that the mortgage loans will have the following approximate characteristics as of the cut-off date:

Aggregate Mortgage Loan Summary

	<u>Range or Total</u>	<u>Weighted Average</u>	<u>Total Percentage⁽¹⁾</u>
Number of Mortgage Loans	4,089	—	—
Number of Fixed Rate Mortgage Loans.....	853	—	17.39%
Number of Adjustable Rate Mortgage Loans	3,236	—	82.61%
Total Scheduled Principal Balance	\$911,486,558	—	—
Scheduled Principal Balances	\$34,538 to \$997,837	\$222,911	—
Mortgage Rates	5.400% to 12.400%	8.357%	—
Original Terms to Maturity (in months).....	120 to 360	359	—
Remaining Terms to Maturity (in months)	112 to 358	354	—
Original Loan-to-Value Ratios.....	5.56% to 100.00%	81.80%	—
Number of Second Lien Mortgage Loans	0	—	0.00%
Number of Interest-Only Mortgage Loans.....	190	—	6.52%
Number of Balloon Loans.....	2,139	—	57.41%
Geographic Concentration in Excess of 10% of the Total Scheduled Principal Balance:			
Number of Mortgaged Properties in Florida	639	—	15.51%
Number of Mortgage Loans in the Maximum Single Zip Code Concentration (20744).....	8	—	0.35%
Non-Zero Weighted Average Credit Scores	500 to 806	625	—
Number of Mortgage Loans with Prepayment Premiums at Origination.....	2,815	—	68.51%
Gross Margins	2.700% to 9.000%	5.617% ⁽²⁾	—
Maximum Mortgage Rates.....	11.700% to 18.369%	14.396% ⁽²⁾	—
Minimum Mortgage Rates	5.700% to 12.369%	8.396% ⁽²⁾	—
Months to Next Mortgage Rate Adjustment	15 to 57	22 ⁽²⁾	—
Initial Cap.....	3.000%	3.000% ⁽²⁾	—
Periodic Cap	1.000%	1.000% ⁽²⁾	—

(1) Percentages are calculated based on the total principal balance of the mortgage loans in both pools.

(2) The weighted average is based only on the adjustable rate mortgage loans in both pools.

Pool 1 Mortgage Loan Summary

	Range or Total	Weighted Average	Total Percentage⁽¹⁾
Number of Mortgage Loans	2,451	—	—
Number of Fixed Rate Mortgage Loans.....	524	—	19.61%
Number of Adjustable Rate Mortgage Loans.....	1,927	—	80.39%
Total Scheduled Principal Balance.....	\$448,765,740	—	—
Scheduled Principal Balances	\$38,170 to \$624,380	\$183,094	—
Mortgage Rates	5.550% to 12.369%	8.359%	—
Original Terms to Maturity (in months).....	180 to 360	359	—
Remaining Terms to Maturity (in months).....	172 to 358	354	—
Original Loan-to-Value Ratios.....	13.51% to 100.00%	81.55%	—
Number of Second Lien Mortgage Loans	0	—	0.00%
Number of Interest-Only Mortgage Loans.....	91	—	4.42%
Number of Balloon Loans	1,262	—	56.30%
Geographic Concentration in Excess of 10% of the Total Scheduled Principal Balance:			
Number of Mortgaged Properties in Florida ...	313	—	12.59%
Number of Mortgage Loans in the Maximum Single Zip Code Concentration (20716).....	7	—	0.44%
Non-Zero Weighted Average Credit Scores	500 to 791	617	—
Number of Mortgage Loans with Prepayment Premiums at Origination.....	1,613	—	64.45%
Gross Margins	2.950% to 7.950%	5.662% ⁽²⁾	—
Maximum Mortgage Rates.....	11.800% to 18.369%	14.458% ⁽²⁾	—
Minimum Mortgage Rates	5.800% to 12.369%	8.458% ⁽²⁾	—
Months to Next Mortgage Rate Adjustment	15 to 57	23 ⁽²⁾	—
Initial Cap.....	3.000%	3.000% ⁽²⁾	—
Periodic Cap.....	1.000%	1.000% ⁽²⁾	—

(1) Percentages are calculated based on the total principal balance of the mortgage loans in pool 1.

(2) The weighted average is based only on the adjustable rate mortgage loans in pool 1.

Pool 2 Mortgage Loan Summary

	Range or Total	Weighted Average	Total Percentage⁽¹⁾
Number of Mortgage Loans	1,638	—	—
Number of Fixed Rate Mortgage Loans	329	—	15.23%
Number of Adjustable Rate Mortgage Loans	1,309	—	84.77%
Total Scheduled Principal Balance	\$462,720,818	—	—
Scheduled Principal Balances	\$34,538 to \$997,837	\$282,491	—
Mortgage Rates	5.400% to 12.400%	8.355%	—
Original Terms to Maturity (in months)	120 to 360	359	—
Remaining Terms to Maturity (in months)	112 to 358	354	—
Original Loan-to-Value Ratios	5.56% to 100.00%	82.05%	—
Number of Second Lien Mortgage Loans	0	—	0.00%
Number of Interest-Only Mortgage Loans	99	—	8.57%
Number of Balloon Loans	877	—	58.49%
Geographic Concentration in Excess of 10% of the Total Scheduled Principal Balance:			
Number of Mortgaged Properties in Florida ...	326	—	18.34%
Number of Mortgaged Properties in New York	146	—	13.47%
Number of Mortgage Loans in the Maximum Single Zip Code Concentration (20744)	5	—	0.53%
Non-Zero Weighted Average Credit Scores	500 to 806	632	—
Number of Mortgage Loans with Prepayment Premiums at Origination	1,202	—	72.45%
Gross Margins	2.700% to 9.000%	5.576% ⁽²⁾	—
Maximum Mortgage Rates	11.700% to 18.250%	14.338% ⁽²⁾	—
Minimum Mortgage Rates	5.700% to 12.250%	8.338% ⁽²⁾	—
Months to Next Mortgage Rate Adjustment	15 to 57	22 ⁽²⁾	—
Initial Cap	3.000%	3.000% ⁽²⁾	—
Periodic Cap	1.000%	1.000% ⁽²⁾	—

(1) Percentages are calculated based on the total principal balance of the mortgage loans in pool 2.

(2) The weighted average is based only on the adjustable rate mortgage loans in pool 2.

The mortgage loans were generally originated or acquired in accordance with underwriting guidelines that are less strict than Fannie Mae and Freddie Mac guidelines. As a result, the mortgage loans are likely to experience higher rates of delinquency, foreclosure and bankruptcy than mortgage loans underwritten in accordance with higher standards.

The mortgage loans in the trust fund will not be insured or guaranteed by any government agency.

Mortgage Loan Representations and Warranties

The sponsor will make certain representations and warranties with respect to the mortgage loans to the depositor under a sale and assignment agreement and, in turn, these representations and warranties will be assigned by the depositor to the trustee for the benefit of certificateholders under the trust agreement. These representations and warranties will include a representation that none of the mortgage loans in the trust fund will be “high cost” loans under applicable federal, state or local anti-predatory or anti-abusive lending laws.

Following the discovery of a breach of any representation or warranty that materially and adversely affects the value of a mortgage loan, or receipt of notice of that breach, the sponsor will be required to (1) cure that breach, (2) repurchase the affected mortgage loan from the trust fund or (3) in certain circumstances, substitute another mortgage loan.

In order to substitute a new mortgage loan for a mortgage loan that has been removed from the trust fund because of a breach of a representation or warranty, (a) substitution must take place within two years from the closing date and (b) a mortgage loan that is materially similar to the deleted mortgage loan must be available for substitution.

See “The Trust Agreement—Representations and Warranties” in this private placement memorandum.

Mortgage Loan Servicing

Countrywide Home Loans Servicing LP will initially perform the primary servicing with respect to the mortgage loans.

The mortgage loans will be master serviced by Aurora Loan Services LLC. The master servicer will oversee the servicing of the mortgage loans by the primary servicer. Primary servicing may be subsequently transferred to servicers other than the initial servicer, in accordance with the trust agreement and the servicing agreement, as described in this private placement memorandum.

The sponsor will retain certain rights relating to the servicing of the mortgage loans, including the right to terminate and replace the servicer at any time, without cause, in accordance with the terms of the trust agreement and the servicing agreement, which, among other things, generally requires payment of a termination fee.

See “The Master Servicer,” “The Servicer” and “Mortgage Loan Servicing” in this private placement memorandum.

Optional Purchase of the Mortgage Loans

The master servicer, with the prior written consent of the seller and the NIMS Insurer, which consent may not be unreasonably withheld, may purchase the mortgage loans on or after the initial optional termination date, which is the distribution date following the month in which the total principal balance of the mortgage loans (determined in the aggregate rather than by mortgage pool) declines to less than 10% of the initial total principal balance of the mortgage loans as of the cut-off date. If the master servicer fails to exercise this option, the NIMS Insurer will have the right to cause the master servicer to exercise this option so long as it is insuring the net interest margin securities or

any amounts payable to the NIMS Insurer in respect of the insurance remain unpaid.

If the mortgage loans are purchased, the certificateholders will be paid accrued interest and principal in an amount not to exceed the purchase price.

If the option to purchase the mortgage loans is not exercised on the initial optional termination date as described above, then, beginning with the next distribution date and thereafter, the interest rates on the offered certificates will be increased as described in the table on page 1 in this private placement memorandum.

See “Description of the Certificates—Optional Purchase of the Mortgage Loans” in this private placement memorandum for a description of the purchase price to be paid for the mortgage loans upon an optional purchase. See “Summary of Terms—The Certificates—Payments on the Certificates—Interest Payments” in this private placement memorandum for a description of the increased interest rates to be paid on the offered certificates after the initial optional termination date.

Financing

An affiliate of Lehman Brothers Inc. has provided financing for certain of the mortgage loans. A portion of the proceeds of the sale of the certificates will be used to repay the financing.

Tax Status

Pursuant to the trust agreement, the trustee will elect to treat a portion of the trust fund as multiple REMICs for federal income tax purposes. Each of the offered certificates will represent ownership of “regular interests” in a REMIC, along with certain contractual rights and obligations. Each of the Class LT-R and Class R Certificates will represent the sole class of “residual interests” in one or more REMICs.

See “Material Federal Income Tax Considerations” in this private placement memorandum for additional information concerning the application of federal income tax laws to the certificates.

ERISA Considerations

Generally, all of the certificates offered by this private placement memorandum, except for the Class B1 and Class B2 Certificates, may be purchased by employee benefit plans or other retirement arrangements subject to the Employee Retirement Income Security Act of 1974, as amended, or Section 4975 of the Internal Revenue Code of 1986, as amended. However, the offered certificates (other than the Class B1 and Class B2 Certificates) may not be acquired or held by a person investing assets of any such plans or arrangements unless such acquisition or holding of such offered certificates is eligible for the exemptive relief available under one of the administrative or statutory exemptions described in this private placement memorandum under “ERISA Considerations.” The Class B1 and Class B2 Certificates generally may only be acquired by certain insurance company general accounts. A fiduciary of an employee benefit plan or other retirement arrangements must determine that the purchase of a certificate is consistent with its fiduciary duties under applicable law and does not result in a nonexempt prohibited transaction under applicable law.

See “ERISA Considerations” in this private placement memorandum for a more complete discussion of these issues.

Legal Investment Considerations

Generally, the certificates offered by this private placement memorandum (other than the Class M4, Class M5, Class M6, Class M7, Class M8, Class M9, Class B1 and Class B2 Certificates) will constitute “mortgage related securities” for purposes of the Secondary Mortgage Market Enhancement Act of 1984.

There are other restrictions on the ability of certain types of investors to purchase the certificates that prospective investors should also consider.

See “Legal Investment Considerations” in this private placement memorandum.

Ratings of the Certificates

The certificates offered by this private placement memorandum will initially have the ratings from Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., Moody’s Investors Service, Inc. and Fitch Ratings set forth in the table on page 1.

See “Ratings” in this private placement memorandum for a more complete discussion of the certificate ratings and “Risk Factors—Ratings on the Securities are Dependent on Assessments by the Rating Agencies” in this private placement memorandum.

Risk Factors

The following information, which you should carefully consider, identifies certain significant sources of risk associated with an investment in the offered certificates.

Risks Relating to Bankruptcy of Mortgage Lenders Network

USA Inc...... All of the mortgage loans were originated by Mortgage Lenders Network USA Inc. (“MLN”), a mortgage lender based in Middletown, Connecticut primarily engaged in the wholesale financing of residential sub-prime mortgage loans and the repackaging of such loans for resale in the secondary mortgage market. In January 2007, banking regulators in six New England states and Michigan, New York and Pennsylvania issued cease and desist orders against the company requiring MLN to temporarily suspend all lending operations in those jurisdictions pending further investigation by the regulators of its business activities. Such action by the regulators was taken after MLN, in late December 2006 and early January 2007, abruptly suspended its wholesale lending operations, including the processing of new loan applications, as well as failing to timely provide the funding for approximately 1,400 residential mortgage loans which were earlier approved for funding and in some cases already closed. MLN subsequently laid off significant portions of its retail and wholesale lending staff. A portion of such unfunded mortgage loans were subsequently funded by MLN through a financing arrangement with Lehman Brothers Holdings Inc. although none of these mortgage loans will be included in the trust fund. On February 5, 2007, MLN filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code identifying more than 7,000 creditors and listed assets and debts of more than \$100 million each in its Chapter 11 filing. MLN management attributes its problems to a slowdown in the housing market and the rising trend of defaults and delinquencies in the subprime market, thereby making it difficult to repackage subprime mortgage loans for sale in the secondary market as a primary source for funding of future originations in its lending network.

The sponsor purchased all of the mortgage loans to be included in the trust fund prior to the cease and desist orders against MLN and the bankruptcy filing by MLN. Other than as described below, the sponsor has not reunderwritten these mortgage loans to ensure they were originated in accordance with MLN’s underwriting guidelines. However, the sponsor has performed certain diligence procedures on the mortgage loans, including appraisal valuations, compliance reviews and credit reviews to assess their credit strength and origination in accordance with sound underwriting practices. Approximately 18.21% of the mortgage loans were reviewed for credit issues and approximately 18.65% of the mortgage loans were reviewed for compliance issues. Additionally, the sponsor reviewed the appraisal valuations for all of the mortgage loans in the mortgage pool. The sponsor will provide customary mortgage loan

representations and warranties with respect to all of the mortgage loans in the mortgage pool and will only be responsible for repurchase or substitution obligation in the event of a material breach of any such representation or warranty. See “The Mortgage Loans—Assignment of the Mortgage Loans”.

**Mortgage Loans Originated
According to Non-Agency
Underwriting Guidelines May
Have Higher Expected
Delinquencies**

The mortgage loans, in general, were originated according to underwriting guidelines that are not as strict as Fannie Mae or Freddie Mac guidelines, so the mortgage loans 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 accordance with higher standards. In particular, a significant portion of the mortgage loans in the trust fund were classified in relatively low (i.e., relatively higher risk) credit categories.

Changes in the values of mortgaged properties related to the mortgage loans may have a greater effect on the delinquency, foreclosure, bankruptcy and loss experience of the mortgage loans in the trust fund than on mortgage loans originated under Fannie Mae’s or Freddie Mac’s guidelines. We cannot assure you that the values of the mortgaged properties have remained or will remain at levels in effect on the dates of origination of the related mortgage loans.

In addition, the trust fund includes mortgage loans that were originated under underwriting guidelines with more limited and reduced documentation requirements and mortgage loans that are secured by properties not primarily occupied by the related borrower.

See “Description of the Mortgage Pools—General” in this private placement memorandum for a description of the characteristics of the mortgage loans in each mortgage pool and “Origination of the Mortgage Loans and Underwriting Guidelines” for a general description of the underwriting guidelines applied by the originator in originating the mortgage loans

**Recent Developments in the
Residential Mortgage Market
May Adversely Affect the
Yields of the Offered
Certificates**

Recently, the residential mortgage market in the United States has experienced a variety of difficulties and changed economic conditions that may adversely affect the yield on your certificates. Delinquencies and losses with respect to residential mortgage loans generally have increased in recent months, and may continue to

increase, particularly in the subprime sector. In addition, in recent months housing prices and appraisal values in many states have declined or stopped appreciating, after extended periods of significant appreciation. To the extent that such values continue to decline or remain flat for an extended period of time, residential mortgage loans in general may experience additional increases in delinquencies and losses on residential mortgage loans generally, particularly with respect to loans secured by second homes and investor properties and with respect to any residential mortgage loans whose total loan amounts (including any subordinate liens) are close to or greater than the related property values.

Another factor that may have contributed to, and may in the future result in, higher delinquency rates is the increase in monthly payments on adjustable rate mortgage loans. Borrowers with adjustable rate mortgage loans are being exposed to increased monthly payments when the related mortgage interest rate adjusts upward from the initial fixed rate or a low introductory rate, as applicable, to the rate computed in accordance with the applicable index and margin. This increase in borrowers' monthly payments, together with any increase in prevailing market interest rates, may result in significantly increased monthly payments for borrowers with adjustable rate mortgage loans.

Borrowers seeking to avoid these increased monthly payments by refinancing their mortgage loans may no longer be able to find available replacement loans at comparably low interest rates. A decline in housing prices may also leave borrowers with insufficient equity in their homes to permit them to refinance, and in addition, many mortgage loans have prepayment premiums that inhibit refinancing. Furthermore, borrowers who intend to sell their homes on or before the expiration of the fixed rate periods on their mortgage loans may find that they cannot sell their properties for an amount equal to or greater than the unpaid principal balance of their loans. These events, alone or in combination, may contribute to higher delinquency rates.

See "Risk Factors—Changes in U.S. Economic Conditions May Adversely Affect the Performance of Mortgage Loans, Particularly Adjustable Rate Mortgage Loans of Various Types" in this private placement memorandum.

In addition, numerous residential mortgage loan originators that originate subprime mortgage loans have recently experienced serious financial difficulties and, in some cases, bankruptcy, including Mortgage Lenders Network USA Inc., the originator of all of the mortgage loans in the trust fund. Those difficulties have resulted in part from declining markets for mortgage loans as well as from claims for repurchases of mortgage loans previously sold under provisions that require repurchase in the event of early payment defaults, or for material breaches of representations and warranties

made on the mortgage loans, such as fraud claims. The financial condition of a mortgage lender may also be adversely affected by the increasing rate of delinquencies and defaults on adjustable rate mortgage loans.

You should consider that the general market conditions discussed above may affect the performance of the mortgage loans and may adversely affect the yield on your certificates.

See “Mortgage Loans Originated According to Non-Agency Underwriting Guidelines May Have Higher Expected Delinquencies” in this private placement memorandum. See also “Description of the Mortgage Pools” in this private placement memorandum for a description of the characteristics of the mortgage loans and “Origination of the Mortgage Loans and Underwriting Guidelines” for a general description of the underwriting guidelines applied in originating the mortgage loans.

**Changes in U.S. Economic
Conditions May Adversely
Affect the Performance of
Mortgage Loans, Particularly
Adjustable Rate Mortgage
Loans of Various Types.....**

Recently, an increasingly large proportion of mortgage loans originated in the United States have been adjustable rate mortgage loans, including loans that have interest-only features. Mortgage loans that are referred to generally as adjustable rate mortgage loans may include any of the following types of loans:

- mortgage loans whose interest rate adjusts on the basis of a variable index plus a margin, with the initial adjustment typically occurring six months after origination of the related mortgage loan and adjustments occurring every six months thereafter; these loans may or may not have a low introductory interest rate;
- “hybrid” mortgage loans, whose interest rate is fixed for the initial period specified in the related mortgage note, and thereafter adjusts periodically based on the related index; and
- “interest-only” mortgage loans, which provide for payment of interest at the related mortgage interest rate, but no payment of principal, for the period specified in the related mortgage note; thereafter, the monthly payment is increased to an amount sufficient to amortize the principal balance of the mortgage loan over the remaining term and to pay interest at the applicable mortgage interest rate.

All of the adjustable rate mortgage loans in the trust fund are hybrid adjustable rate mortgage loans, which present special default and prepayment risks. In addition, the trust fund includes approximately

6.52% of interest-only mortgage loans.

The primary attraction to borrowers of these adjustable rate mortgage loan products is that initial monthly mortgage loan payments can be significantly lower than fixed rate or level pay mortgage loans under which the borrower pays both principal and interest at an interest rate fixed for the life of the mortgage loan. As a result, many borrowers are able to incur substantially greater mortgage debt using one of these adjustable rate mortgage loan products than if they used a standard amortizing fixed rate mortgage loan.

In addition, a substantial number of these adjustable rate mortgage loans have been originated in regions of the United States that have seen substantial real estate price appreciation over the past few years, such as California and major metropolitan areas in other states. Many borrowers in these markets have used adjustable rate mortgage loan products to purchase properties that are comparatively larger or more expensive than they would otherwise have purchased with a fixed rate mortgage loan with relatively higher monthly payments. These borrowers may have taken out these mortgage loan products in the expectation that either (1) their income will rise by the time their fixed rate period or interest-only period expires, thus enabling them to make the higher monthly payments, or (2) in an appreciating real estate market, they will be able to sell their property for a higher price or will be able to refinance the mortgage loan before the expiration of the fixed rate or interest-only period.

Borrowers with adjustable rate mortgage loans will likely be exposed to increased monthly payments (1) when the mortgage interest rate adjusts upward from an initial lower rate to the rate computed in accordance with the applicable index and margin, (2) if interest rates rise significantly or (3) in the case of interest-only mortgage loans, from the large increases in monthly payments when the interest-only terms expire and the monthly payments on these loans are recalculated to amortize the outstanding principal balance over the remaining term.

When evaluating a mortgage loan application from a prospective borrower for an adjustable rate or interest-only mortgage loan, many mortgage originators determine the amount of loan that borrower can afford based on the borrower's initial scheduled monthly payments, or the scheduled monthly payments on the first mortgage interest rate reset date, rather than based on the adjusted monthly payments as of future mortgage interest reset dates (in the case of adjustable rate mortgage loans) or the principal amortization date (in the case of interest-only mortgage loans). Mortgage loan characteristics and debt-to-income ratios set forth in this private placement memorandum reflects the scheduled mortgage loan payments due or being made as of the cut-off date, and does not

reflect the mortgage loan payment resets that will occur during the life of the mortgage loan. These origination practices may increase the sensitivity of mortgage loan performance and defaults to changes in U.S. economic conditions.

As the fixed interest rates on hybrid mortgage loans expire and convert to adjustable rates, borrowers may find that the new minimum monthly payments are considerably higher, and they may not be able to make those payments. Furthermore, in recent years, mortgage interest rates have been at historically low levels. Although short-term interest rates have increased from their lowest levels, long-term interest rates have remained low. If mortgage interest rates rise, borrowers will experience increased monthly payments on their adjustable rate mortgage loans.

In addition, without regard to changes in interest rates, the monthly payments on mortgage loans with interest-only features will increase substantially when the principal must be repaid.

Any of these factors, or a combination of these factors, could cause mortgage loan defaults to increase substantially.

Borrowers who intend to avoid increased monthly payments by refinancing their mortgage loans may find that lenders may not in the future be willing or able to offer these adjustable rate mortgage loan products, or to offer these products at relatively low interest rates. A decline in real estate prices generally or in certain regions of the United States could also leave borrowers with insufficient equity in their property to permit them to refinance. In addition, if the recent rapid increase in real estate prices ceases or real estate prices decline, borrowers who intend to sell their properties on or before the expiration of the fixed rate periods or interest-only periods on their mortgage loans may find that they cannot sell their properties for an amount equal to or greater than the unpaid principal balance of their loans. These events could cause borrowers to default on their mortgage loans.

Rising unemployment and slow wage growth in certain regions of the United States or generally could also impact the ability of many borrowers with adjustable rate mortgage loans to make the higher monthly payments resulting from the expiration of fixed rate periods or interest-only periods, or from increases in interest rates. If borrowers become unemployed in a slowing economy, or if they find that expected increases in personal income have not occurred, they may be unable to make the higher monthly mortgage payments.

It is likely that borrowers with adjustable rate mortgage loans will over the next several years be required to spend a larger proportion of their income to service their mortgage debt. This increase could, in the absence of strong wage growth, come at the expense of other expenditures by these borrowers, particularly consumer spending. It

is possible that a decline in consumer spending could cause the U.S. economy to slow or decline, which could give rise to increased unemployment and falling property values. These factors would negatively impact the ability of many borrowers to meet their increased monthly mortgage payments as described above. As a consequence, defaults on adjustable rate mortgage loans may increase significantly.

Any of the factors described above, alone or in combination, could adversely affect the yield on your securities. Depending upon the type of security purchased and the price paid, the adverse yield effect could be substantial.

These risks are magnified with respect to mortgage loans made on the basis of relatively low credit standards. See “—Mortgage Loans Originated According to Non-Agency Underwriting Guidelines May Have Higher Expected Delinquencies” for a discussion of risks related to mortgage loans that are sometimes referred to as “subprime,” or are otherwise originated in accordance with credit standards that do not conform to those of Fannie Mae or Freddie Mac.

Several types of adjustable rate mortgage loans discussed above, in particular interest-only mortgage loans, have only been originated in any significant numbers in relatively recent years. Consequently, there is no material statistical information showing payment and default trends under a variety of macroeconomic conditions. In particular, it is unclear how these mortgage loan products will perform in a declining housing market or under other negative macroeconomic conditions.

See “—Risks Related to Mortgage Loans with Interest-Only Payments” for further discussion of mortgage loans with interest-only features.

Aspects of the Mortgage Loan Origination Process May Result in Higher Expected Delinquencies

Various factors in the process of originating the mortgage loans in the trust fund may have the effect of increasing delinquencies and defaults on the mortgage loans. These factors may include any or all of the following:

Appraisal quality: During the mortgage loan underwriting process, appraisals are generally obtained on each prospective mortgaged property. The quality of these appraisals may vary widely in accuracy and consistency. Because in most cases the appraiser is selected by the mortgage loan broker or lender, the appraiser may feel pressure from that broker or lender to provide an appraisal in the amount necessary to enable the originator to make the loan, whether or not the value of the property justifies such an

appraised value. Inaccurate or inflated appraisals may result in an increase in the number and severity of losses on the mortgage loans.

Stated income documentation underwriting guidelines: Most underwriting guidelines applied in the origination of mortgage loans have several different levels of documentation requirements applicable to prospective borrowers. There has recently been an increasing number of mortgage loans originated under “stated income documentation” programs, which permit an applicant to qualify for a mortgage loan based upon monthly income as stated on the mortgage loan application, if the applicant meets certain criteria. Typically no verification of monthly income is required under stated income documentation programs, which increases the risk that these borrowers have overstated their income and may not have sufficient income to make their monthly mortgage loan payments. Approximately 32.58% of the mortgage loans were originated under a stated income documentation program. You should consider the risk that a higher number of mortgage loans originated under stated income documentation programs may result in increased delinquencies and defaults on the mortgage loans in the trust fund.

Underwriting guideline exceptions: Although originators generally underwrite mortgage loans in accordance with their pre-determined loan underwriting guidelines, from time to time and in the ordinary course of business, originators will make exceptions to these guidelines. Loans originated with exceptions may result in a higher number of delinquencies and loss severities than loans originated in strict compliance with the designated underwriting guidelines.

Non-owner occupied properties: Mortgage Loans secured by properties acquired by investors for the purposes of rental income or capital appreciation, or properties acquired as second homes, tend to have higher severities of default than properties that are regularly occupied by the related borrowers. In a default, real property investors who do not reside in the mortgaged property may be more likely to abandon the related mortgaged property, increasing the severity of the default.

Broker and correspondent origination versus retail origination: Mortgage loans that have been originated on behalf of an originator by unaffiliated brokers or correspondents rather than directly by the originators may experience a higher rate of delinquencies and defaults.

Fraud: Fraud committed in the origination process may increase delinquencies and defaults on the mortgage loans. For example, a borrower may present fraudulent documentation to a lender during the mortgage loan underwriting process, which may enable the borrower to qualify for a higher balance or lower interest rate mortgage loan than the borrower would otherwise qualify for. In

addition, increasingly frequent incidences of identity theft involving borrowers, particularly in the case of mortgage loans originated by brokers and under streamlined origination programs, may result in an increased number of fraudulent mortgage loans that are not secured by a mortgaged property. To the extent that the trust fund includes any mortgage loans originated electronically over the Internet, these originations are more likely to be fraudulent. You should consider the potential effect of fraud by borrowers, brokers and other third parties on the yield on your certificates.

Self-employed borrowers: Self-employed borrowers may be more likely to default on their mortgage loans than salaried or commissioned borrowers and generally have less predictable income. In addition, many self-employed borrowers are small business owners who may be personally liable for their business debt. Consequently, you should consider that a higher number of self-employed borrowers may result in increased defaults on the mortgage loans in the trust fund.

First time borrowers: First time home buyers are often younger, have shorter credit histories, are more highly leveraged and have less experience with undertaking mortgage debt and maintaining a residential property than other borrowers. The presence of loans with first time buyers in the mortgage pools may increase the number of defaults on the mortgage loans.

Although the aspects of the mortgage loan origination process described above may be indicative of the performance of the mortgage loans, information regarding all of these factors is not be available for the mortgage loans in the trust fund.

See “Origination of the Mortgage Loans and Underwriting Guidelines” and “Certain Characteristics of the Mortgage Loans” in this private placement memorandum for a description of the characteristics of the related mortgage loans and for a general description of the underwriting guidelines applied in originating the related mortgage loans.

**Risks Related to Mortgage Loans
with Interest-Only Payments.....**

Approximately 4.42% and 8.57% of the mortgage loans to be included in pool 1 and pool 2, respectively, are “interest-only” mortgage loans, which provide for payment of interest at the related mortgage rate, but no payment of principal, for a period of five, seven or ten years following origination; thereafter, the monthly payment is increased to an amount sufficient to amortize the principal balance of the mortgage loan over the remaining term and to pay interest at the applicable mortgage rate.

Because the initial monthly mortgage loan payments on this type of loan can be significantly lower than level-pay mortgage loans under which the borrower pays both principal and interest, many

borrowers may have been able to incur substantially greater mortgage debt using the interest-only product than if they had used a level-pay, fixed rate mortgage loan.

These borrowers may have taken out these mortgage loan products in the expectation that either (1) their income will rise by the time their interest-only period expires, thus enabling them to make the higher monthly payments, or (2) in an appreciating real estate market, they will be able to sell their property for a higher price or will be able to refinance the mortgage loan before the expiration of the interest-only period.

The borrowers will likely be exposed to increased monthly payments, from the large increases in monthly payments when the interest-only terms expire and the monthly payments on these loans are recalculated to amortize the outstanding principal balance over the remaining term.

When evaluating a mortgage loan application from a prospective borrower for an interest-only mortgage loan, the originator may have determined the amount of loan that a borrower can afford based on the borrower's initial scheduled monthly payments, rather than based on the adjusted monthly payments as of the principal amortization date. These origination practices may increase the sensitivity of mortgage loan performance and defaults to changes in U.S. economic conditions.

The monthly payments on mortgage loans with interest-only features will increase substantially when the principal must be repaid. This could cause defaults on the interest-only mortgage loans to increase substantially.

Borrowers who intend to avoid increased monthly payments by refinancing their mortgage loans may find that lenders may not in the future be willing or able to offer these products at relatively low interest rates. A decline in housing prices generally or in certain regions of the United States could also leave the borrowers with insufficient equity in their homes to permit them to refinance. The presence of these mortgage loans in the trust fund will, absent other considerations, result in longer weighted average lives of the related certificates than would have been the case had these loans not been included in the trust fund. In addition, a borrower may view the absence of any obligation to make a payment of principal during the first five, seven or ten years of the term of a mortgage loan as a disincentive to prepayment, as applicable.

Interest-only mortgage loans have only been originated in any significant numbers in relatively recent years. Consequently, there is no material statistical information showing payment and default trends under a variety of macroeconomic conditions. In particular, it is unclear how this mortgage loan product will perform in a

declining housing market or under other negative macroeconomic conditions.

See also “Yield, Prepayment and Weighted Average Life—General” in this private placement memorandum.

Mortgage Loans with High Original Loan-to-Value Ratios May Present a Greater Risk of Loss

Approximately 38.73% and 28.32% of the mortgage loans in pool 1 and pool 2, respectively, have original loan-to-value ratios of greater than 80% but less than or equal to 100%. Mortgage loans with high loan-to-value ratios, may be more likely to experience default and foreclosure than mortgage loans with low original loan-to-value ratios.

Moreover, mortgage loans with high original loan-to-value ratios are more likely to be subject to a judicial reduction of the loan amount in bankruptcy or other proceedings than mortgage loans with lower original loan-to-value ratios. If a court relieves a borrower’s obligation to repay amounts otherwise due on a mortgage loan, the servicer or the master servicer will be required to advance funds in respect of relieved amounts, and any related loss may reduce the amount available to be paid to certificateholders. In such event, holders of subordinate classes of certificates may suffer losses.

Risks Related to

Balloon Loans

Approximately 62.54% of the adjustable rate mortgage loans and approximately 33.04% of the fixed rate mortgage loans are balloon loans. Approximately 0.08% and 57.33% of the mortgage loans are balloon loans which have original terms to maturity of fifteen and thirty years, respectively. Balloon loans with relatively short terms to maturity pose a special payment risk because the borrower must make a large lump sum payment of principal at the end of the loan term. In many cases, however, the balloon payment is not due until fifteen or thirty years after origination. The fifteen-year and thirty-year balloon loans in the trust fund have amortization schedules of as long as thirty years and forty or fifty years, respectively, resulting in a relatively slow rate of scheduled payment of principal. The presence of these fifteen-year and thirty-year balloon loans in the trust fund will result in a slower rate of principal payments on the offered certificates.

Lack of Primary Mortgage

Insurance

Approximately 38.73% and 28.32% of the mortgage loans in pool 1 and pool 2, respectively, have original loan-to-value ratios greater than 80%, calculated as described under “Description of the Mortgage Pools—General.” None of those mortgage loans with original loan-to-value ratios in excess of 80% are covered by a primary mortgage insurance policy. If borrowers without primary

mortgage insurance default on their mortgage loans, there is a greater likelihood of losses than if the loans were insured. We cannot assure you that the available credit enhancement will be adequate to repay those losses.

**Mortgage Loan Interest Rates
May Limit Interest Rates on
the Certificates**

All of the offered certificates will accrue interest at an interest rate that adjusts monthly based on the one-month LIBOR index plus a specified margin. However, the interest rates on these certificates are subject to a limitation, generally based on the weighted average interest rate of the mortgage loans in pool 1, in the case of the Class A1 Certificates; in pool 2, in the case of the Class A2, Class A3, Class A4 and Class A5 Certificates; or in both of the mortgage pools, in the case of the offered subordinate certificates, net of certain allocable fees and expenses of the trust fund and any net swap payments owed to the swap counterparty. All of the mortgage loans to be included in each mortgage pool will have interest rates that either are fixed or adjust semi-annually based on a six-month LIBOR index, as described under “Description of the Mortgage Pools—The Index.”

The adjustable rate mortgage loans to be included in each mortgage pool may also have periodic maximum and minimum limitations on adjustments to their interest rates, and all of these adjustable rate mortgage loans will have the first adjustment to their interest rates approximately two, three or five years after their first payment dates. As a result, the offered certificates may accrue less interest than they would accrue if their interest rates were solely based on the one-month LIBOR index plus the specified margin.

A variety of factors could limit the interest rates and adversely affect the yield to maturity on, and market value of, the offered certificates. Some of these factors are described below.

- The interest rates for the offered certificates adjust monthly based on the one-month LIBOR index, while the interest rates on all of the mortgage loans to be included in each mortgage pool either adjust less frequently, adjust based on a different index or do not adjust at all. Consequently, the limits on the interest rates on these certificates may prevent increases in the interest rates for extended periods in a rising interest rate environment.
- The interest rates on all of the adjustable rate mortgage loans to be included in each mortgage pool may respond to economic and market factors that differ from those that affect the one-month LIBOR index. It is possible that the interest rates on all of the adjustable rate mortgage loans in each mortgage pool may decline while the interest rates on the certificates are stable or rising. It is also possible that the interest rates on all of the adjustable rate mortgage loans to be included in each mortgage pool and the

interest rates on the related certificates may both decline or increase during the same period, but that the interest rates on those certificates may decline or increase more slowly or rapidly.

- To the extent that fixed rate or adjustable rate mortgage loans are subject to default or prepayment, the interest rates on the related certificates may be reduced as a result of the applicable net funds cap limitations described in this private placement memorandum.

If the interest rates on the offered certificates are limited for any distribution date, the resulting basis risk shortfalls may be recovered by the holders of those certificates on future distribution dates, but only if there is enough cashflow generated from excess interest (and in limited circumstances, principal) on the mortgage loans to fund these shortfalls or payments are received under the interest rate swap agreement and interest rate cap agreement in an amount sufficient to pay these shortfalls.

See “Summary of Terms—The Certificates—Payments on the Certificates—Interest Payments,” “Description of the Certificates—Distributions of Interest” and “—Credit Enhancement—Overcollateralization” in this private placement memorandum. For a general description of the interest rates of the mortgage loans, see “Description of the Mortgage Pools” in this private placement memorandum.

**Risks Related to Potential
Inadequacy of Credit
Enhancement and Other
Support**

The certificates are not insured by any financial guaranty insurance policy. The excess interest, overcollateralization, subordination, loss allocation and limited cross-collateralization features, together with the interest rate swap agreement and interest rate cap agreement, all as described in this private placement memorandum, are intended to enhance the likelihood that holders of more senior classes will receive regular payments of interest and principal, but are limited in nature and may be insufficient to repay all losses on the mortgage loans.

Excess Interest and Overcollateralization. In order to maintain overcollateralization, it will be necessary that the mortgage loans in each mortgage pool generate more interest than is needed to pay interest on the related offered certificates as well as that mortgage pool’s allocable portion of certain fees and expenses of the trust fund and any net swap payments owed to the swap counterparty. We expect that the mortgage loans will generate more interest than is needed to pay those amounts, at least during certain periods, because the weighted average of the interest rates on the mortgage loans in each mortgage pool is expected to be higher than the weighted average of the interest rates on the related certificates plus the weighted average aggregate expense rate and any net swap

payments owed to the swap counterparty. Any remaining interest generated by the mortgage loans will be used to absorb losses on the mortgage loans and to maintain overcollateralization. On the closing date, the total principal balance of the mortgage loans will exceed the total principal amount of the offered certificates by approximately \$10,938,558, which is equal to approximately 1.20% of the aggregate principal balance of the mortgage loans as of the cut-off date. This excess is referred to in this private placement memorandum as “overcollateralization” and will be available to absorb losses. We cannot assure you, however, that the mortgage loans, together with certain amounts available from the interest rate swap agreement and the interest rate cap agreement, will generate enough excess interest to maintain this overcollateralization level as set by the rating agencies. The following factors will affect the amount of excess interest that the mortgage loans will generate:

- *Prepayments.* Every time a mortgage loan is prepaid in whole or in part, total excess interest after the date of prepayment will be reduced because that mortgage loan will no longer be outstanding and generating interest or, in the case of a partial prepayment, will be generating less interest. The effect on your certificates of this reduction will be influenced by the amount of prepaid loans and the characteristics of the prepaid loans. Prepayment of a disproportionately high number of high interest rate mortgage loans would have a greater negative effect on future excess interest.
- *Defaults, Delinquencies and Liquidations.* If the rates of delinquencies, defaults or losses on the mortgage loans turn out to be higher than expected, excess interest will be reduced by the amount necessary to compensate for any shortfalls in cash available to pay certificateholders. Every time a mortgage loan is liquidated or written off, excess interest is reduced because that mortgage loan will no longer be outstanding and generating interest.
- *Increases in LIBOR.* All of the mortgage loans have either fixed interest rates or interest rates that adjust based on a six-month LIBOR index and not the one-month LIBOR index used to determine the interest rates on the offered certificates. As a result of an increase in one-month LIBOR, the interest rates on the offered certificates may increase relative to interest rates on the mortgage loans, requiring that more of the interest generated by the mortgage loans be applied to pay interest on the offered certificates.

See “*Description of the Certificates—Credit Enhancement—Overcollateralization*” in this private placement memorandum.

The Interest Rate Swap Agreement. Any amounts received under the interest rate swap agreement will be applied as described in this

private placement memorandum to pay interest shortfalls, maintain overcollateralization and repay losses. However, no amounts will be payable to the supplemental interest trust by the swap counterparty unless the floating amount owed by the swap counterparty on a distribution date exceeds the fixed amount owed to the swap counterparty. This will not occur except in periods when one-month LIBOR (as determined pursuant to the interest rate swap agreement) exceeds the applicable rate of payment owed by the trust fund, which will range from 4.81% to 5.46% per annum on the scheduled notional amount and adjusted on a monthly basis as described in this private placement memorandum. We cannot assure you that any amounts will be received under the interest rate swap agreement, or that any such amounts that are received will be sufficient to maintain required overcollateralization, pay interest shortfalls or repay losses on the mortgage loans.

See “Description of the Certificates—Supplemental Interest Trust—Interest Rate Swap Agreement” in this private placement memorandum.

The Interest Rate Cap Agreement. Any amounts received under the interest rate cap agreement will be applied as described in this private placement memorandum to pay interest shortfalls, maintain overcollateralization and repay losses. However, no amounts will be payable to the supplemental interest trust by the cap counterparty unless one-month LIBOR (as determined pursuant to the interest rate cap agreement) moves above 6.50%, in each case calculated on a scheduled notional amount and adjusted on a monthly basis. We cannot assure you that any amounts will be received under the interest rate cap agreement, or that any such amounts that are received will be sufficient to maintain required overcollateralization, pay interest shortfalls or repay losses on the mortgage loans.

See “Description of the Certificates—Supplemental Interest Trust—Interest Rate Cap Agreement” in this private placement memorandum.

Subordination and Allocation of Losses. If the applicable subordination is insufficient to absorb losses, then certificateholders will likely incur losses and may never receive all of their principal payments. You should consider the following:

- if you buy a Class B2 Certificate and losses on the mortgage loans exceed excess interest and any overcollateralization that has been created, the principal amount of your certificate will be
reduced proportionately with the principal amounts of the other Class B2 Certificates by the amount of that excess;
- if you buy a Class B1 Certificate and losses on the mortgage loans exceed excess interest and any overcollateralization that has

been created, plus the total principal amount of the Class B2 Certificates, the principal amount of your certificate will be reduced proportionately with the principal amounts of the other Class B1 Certificates by the amount of that excess;

- if you buy a Class M9 Certificate and losses on the mortgage loans exceed excess interest and any overcollateralization that has been created, plus the total principal amount of the Class B2 and Class B1 Certificates, the principal amount of your certificate will be reduced proportionately with the principal amounts of the other Class M9 Certificates by the amount of that excess;
- if you buy a Class M8 Certificate and losses on the mortgage loans exceed excess interest and any overcollateralization that has been created, plus the total principal amount of the Class B2, Class B1 and Class M9 Certificates, the principal amount of your certificate will be reduced proportionately with the principal amounts of the other Class M8 Certificates by the amount of that excess;
- if you buy a Class M7 Certificate and losses on the mortgage loans exceed excess interest and any overcollateralization that has been created, plus the total principal amount of the Class B2, Class B1, Class M9 and Class M8 Certificates, the principal amount of your certificate will be reduced proportionately with the principal amounts of the other Class M7 Certificates by the amount of that excess;
- if you buy a Class M6 Certificate and losses on the mortgage loans exceed excess interest and any overcollateralization that has been created, plus the total principal amount of the Class B2, Class B1, Class M9, Class M8 and Class M7 Certificates, the principal amount of your certificate will be reduced proportionately with the principal amounts of the other Class M6 Certificates by the amount of that excess;
- if you buy a Class M5 Certificate and losses on the mortgage loans exceed excess interest and any overcollateralization that has been created, plus the total principal amount of the Class B2, Class B1, Class M9, Class M8, Class M7 and Class M6 Certificates, the principal amount of your certificate will be reduced proportionately with the principal amounts of the other Class M5 Certificates by the amount of that excess;
- if you buy a Class M4 Certificate and losses on the mortgage loans exceed excess interest and any overcollateralization that has been created, plus the total principal amount of the Class B2, Class B1, Class M9, Class M8, Class M7, Class M6 and Class M5 Certificates, the principal amount of your certificate will be reduced proportionately with the principal amounts of the other

Class M4 Certificates by the amount of that excess;

- if you buy a Class M3 Certificate and losses on the mortgage loans exceed excess interest and any overcollateralization that has been created, plus the total principal amount of the Class B2, Class B1, Class M9, Class M8, Class M7, Class M6, Class M5 and Class M4 Certificates, the principal amount of your certificate will be reduced proportionately with the principal amounts of the other Class M3 Certificates by the amount of that excess;
- if you buy a Class M2 Certificate and losses on the mortgage loans exceed excess interest and any overcollateralization that has been created, plus the total principal amount of the Class B2, Class B1, Class M9, Class M8, Class M7, Class M6, Class M5, Class M4 and Class M3 Certificates, the principal amount of your certificate will be reduced proportionately with the principal amounts of the other Class M2 Certificates by the amount of that excess; and
- if you buy a Class M1 Certificate and losses on the mortgage loans exceed excess interest and any overcollateralization that has been created, plus the total principal amount of the Class B2, Class B1, Class M9, Class M8, Class M7, Class M6, Class M5, Class M4, Class M3 and Class M2 Certificates, the principal amount of your certificate will be reduced proportionately with the principal amounts of the other Class M1 Certificates by the amount of that excess.

Losses on the mortgage loans will not reduce the principal amounts of the senior certificates.

If overcollateralization is maintained at the required amount and the mortgage loans generate interest in excess of the amount needed to pay interest and principal on the offered certificates and the fees and expenses of the trust fund, and any net swap payments owed to the swap counterparty, then excess interest will be used to pay you and other certificateholders the amount of any reduction in the principal amounts of the certificates caused by application of losses. These payments will be made in order of seniority. We cannot assure you, however, that any excess interest will be generated and, in any event, no interest will be paid to you on the amount by which your principal amount was reduced because of the application of losses.

See “Description of the Certificates—Credit Enhancement—Subordination” and “—Application of Realized Losses” in this private placement memorandum.

Limited Cross-Collateralization. Principal payments on the senior certificates will depend, for the most part, on collections on the mortgage loans in the related mortgage pool. However, the senior

certificates will have the benefit of credit enhancement in the form of overcollateralization and subordination from each mortgage pool. That means that even if the rate of losses on mortgage loans in the mortgage pool related to any class of senior certificates is low, losses in the unrelated mortgage pool may reduce the loss protection for those certificates.

**Risks Related to Mortgage Loans
under Stated Income**

Documentation Programs Approximately 32.58% of the mortgage loans were originated under “stated income documentation” programs. “Stated income documentation” programs generally verify employment but do not verify income information given by the borrowers. If a significant amount of mortgage loans are originated under these programs, it may increase the risk that the borrowers may not have sufficient income or assets or may have overstated their income and assets and will be unable to make their monthly mortgage loan payments. You should consider the risk that mortgage loans originated under these programs may be subject to increased delinquencies and defaults.

**Restrictions on Transfer; Limited
Liquidity; Legality for
Investment**

The certificates have not been and will not be registered under the Securities Act or any state securities laws. If an investor is a “qualified institutional buyer” as defined in Rule 144A of the Securities Act acquiring certificates, or an interest therein, in a sale in the United States or to a U.S. person in the form of a book-entry certificate, the investor will be deemed to have made all the representations set forth under “Notice to Investors.” If such investor is acquiring certificates in definitive form under the limited circumstances described herein, the investor will be required to deliver a certification in the form of Exhibit I hereto. If an investor is an institutional “accredited investor” within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act acquiring certificates in a sale in the United States or to a U.S. person, such certificates will be issued solely in definitive form and the investor will be required to deliver a certification substantially in the form of Exhibit II hereto. If an investor is a non-U.S. person acquiring certificates, or an interest therein, in an offshore transaction in reliance on Regulation S, the investor will be deemed to have made the ERISA Representations described under “Notice to Investors” in this private placement memorandum.

Any purported transfer in violation of such representations shall be null and void, and such transfer shall not be given effect.

If an investor is a non-U.S. person acquiring certificates, or an interest therein, sold in an offshore transaction in reliance on Regulation S in the form of a book-entry certificate (represented by a “Regulation S Global Security”), (A) in the event that the transfer

is made from a Restricted Global Security to a Regulation S Global Security, the trustee will require that the transferor deliver a certification substantially in the form of Exhibit III-1 hereto, and (B) in the event that the transfer is made from a Regulation S Global Security to a Restricted Global Security, the trustee will require that the transferor deliver a certification substantially in the form of Exhibit III-2 hereto.

The offered certificates may be acquired by employee benefit plans or other retirement arrangements subject to the Employee Retirement Income Security Act of 1974, as amended, or Section 4975 of the Internal Revenue Code of 1986, as amended, but only to the extent that the conditions described under “ERISA Considerations” herein have been met. Accordingly, many institutions will not be able to invest in the certificates.

Due to the transfer restrictions and limitations set forth above, a secondary market for the certificates may not develop.

See “Description of the Certificates—Restrictions on Transfer,” “ERISA Considerations” and “Notice to Investors” in this private placement memorandum.

Risks Related to the Interest Rate

Swap Agreement

Any net swap payment payable to the swap counterparty under the terms of the interest rate swap agreement will reduce amounts available for distribution to certificateholders, and may reduce payments of interest on the certificates. If the rate of prepayments on the mortgage loans is faster than anticipated, the scheduled notional amount on which payments due under the interest rate swap agreement are calculated may exceed the total principal balance of the mortgage loans, thereby increasing the relative proportion of interest collections on the mortgage loans that must be applied to make net swap payments to the swap counterparty and, under certain circumstances, requiring application of principal received on the mortgage loans to make net swap payments to the swap counterparty. Therefore, the combination of a rapid rate of prepayment and low prevailing interest rates could adversely affect the yields on the certificates.

In the event that the trust fund, after application of all interest and principal received on the mortgage loans, cannot make the required net swap payment to the swap counterparty, a swap termination payment as described in this private placement memorandum will be owed to the swap counterparty. Any termination payment payable to the swap counterparty in the event of an early termination of the interest rate swap agreement (not due to a breach by the swap counterparty or certain termination events where the swap counterparty is the sole affected party) will reduce amounts available for distribution to certificateholders.

See “Description of the Certificates—Distributions of Interest,” “—Distributions of Principal” and “—Supplemental Interest Trust” in this private placement memorandum.

Effect of Creditworthiness of Swap Counterparty and its Credit Support Provider on Ratings of Certificates

The swap counterparty and its credit support provider under the interest rate swap agreement currently has the ratings described in this private placement memorandum under “Description of the Certificates—Supplemental Interest Trust—The Swap Counterparty.” The ratings of the certificates are dependent in part upon the credit ratings of the swap counterparty and its credit support provider. If a credit rating of the swap counterparty or its credit support provider is qualified, reduced or withdrawn and the swap counterparty does not post collateral securing its obligations under the interest rate swap agreement or a substitute counterparty is not obtained in accordance with the terms of the interest rate swap agreement, the ratings of the offered certificates may be qualified, reduced or withdrawn. In that event, the value and marketability of those certificates will be adversely affected.

See “Description of the Certificates—Supplemental Interest Trust—Interest Rate Swap Agreement” in this private placement memorandum.

Effect of Creditworthiness of Cap Counterparty and its Credit Support Provider on Ratings of Certificates

The cap counterparty and its credit support provider under the interest rate cap agreement currently has the ratings described in this private placement memorandum under “Description of the Certificates—Supplemental Interest Trust—The Cap Counterparty.” The ratings of the certificates are dependent in part upon the credit ratings of the cap counterparty and its credit support provider. If a credit rating of the cap counterparty or its credit support provider is qualified, reduced or withdrawn and the cap counterparty does not post collateral securing its obligations under the interest rate cap agreement or a substitute counterparty is not obtained in accordance with the terms of the interest rate cap agreement, the ratings of the offered certificates may be qualified, reduced or withdrawn. In that event, the value and marketability of those certificates will be adversely affected.

See “Description of the Certificates—Supplemental Interest Trust—Interest Rate Cap Agreement” in this private placement memorandum.

Risks Related to Unpredictability and Effect of Prepayments

The rate of prepayments on the mortgage loans will be sensitive to prevailing interest rates. Generally, if prevailing interest rates

decline, mortgage loan prepayments may increase due to the availability of refinancing at lower interest rates. If prevailing interest rates rise, prepayments on the mortgage loans may decrease.

Borrowers may prepay their mortgage loans in whole or in part at any time; however, approximately 64.45% and 72.45% of the mortgage loans in pool 1 and pool 2, respectively, require the payment of a prepayment premium in connection with any voluntary prepayments in full, and certain voluntary prepayments in part, made during periods ranging from one year to three years after origination. These prepayment premiums may discourage borrowers from prepaying their mortgage loans during the applicable period.

Prepayments on the mortgage loans may occur as a result of solicitations of the borrowers by mortgage loan originators, including the seller and its affiliates, the master servicer and the servicer, as described under “Yield, Prepayment and Weighted Average Life” in this private placement memorandum. The timing of prepayments of principal may also be affected by liquidations of or insurance payments on the mortgage loans. In addition, Lehman Brothers Holdings Inc., as the seller of the mortgage loans to the depositor, may be required to purchase mortgage loans from the trust in the event that certain breaches of representations and warranties made with respect to the mortgage loans are not cured. These purchases will have the same effect on certificateholders as prepayments of mortgage loans.

A prepayment of a mortgage loan will usually result in a payment of principal on the certificates, and depending on the type of certificate and the price investors paid for that certificate, may affect the yield on that certificate.

See “Yield, Prepayment and Weighted Average Life” in this private placement memorandum for a description of factors that may influence the rate and timing of prepayments on the mortgage loans.

**Master Servicer has Limited
Right to Purchase Defaulted
Loans**

As described under “Mortgage Loan Servicing—Optional Purchase of Defaulted Loans” in this private placement memorandum, the master servicer will have the right, with the consent of the holder of the economic residual interest in the trust fund, to purchase any mortgage loan that is more than 120 days delinquent in payment for

a price equal to the unpaid principal balance of the loan plus accrued and unpaid interest and any unreimbursed servicing advances.

Any such purchase of a defaulted loan from the trust fund will have the same effect on holders of offered certificates as a prepayment in full of the affected loan, and could therefore negatively affect the

yields on certificates purchased at a premium.

See “Risk Factors—Risks Related to Unpredictability and Effect of Prepayments” in this private placement memorandum.

Delinquencies Due to Servicing

Transfer It is possible that mortgage loans serviced by the servicer may be transferred in the future to other servicers in accordance with the provisions of the trust agreement and the servicing agreement as a result of, among other things, (i) the occurrence of unremedied events of default in servicer performance under the servicing agreement, (ii) the exercise by the seller of its right to terminate the servicer without cause upon thirty days’ written notice or (iii) the transfer of severely delinquent mortgage loans for servicing by a special servicer.

All transfers of servicing involve some risk of disruption in collections due to data input errors, misapplied or misdirected payments, inadequate borrower notification, system incompatibilities and other reasons. As a result, the affected mortgage loans may experience increased delinquencies and defaults, at least for a period of time, until all of the borrowers are informed of the transfer and the related servicing mortgage files and records and all the other relevant data has been obtained by the new servicer. There can be no assurance as to the extent or duration of any disruptions associated with a transfer of servicing or as to the resulting effects on the yields on the certificates. In addition, servicing transfers may result in a longer or shorter prepayment period immediately following the date of the transfer if the servicer have different prepayment periods which may affect the yield on the certificates.

See “The Servicer” and “Mortgage Loan Servicing” in this private placement memorandum.

Risks Related to Geographic

Concentration of Mortgage Loans..... Approximately 12.59% and 18.34% of the mortgage loans in pool 1 and pool 2, respectively, are secured by mortgaged properties located in Florida, and approximately 13.47% of the mortgage loans in pool 2 are secured by mortgaged properties located in New York. The rate of delinquencies, defaults and losses on the mortgage loans may be higher than if fewer of the mortgage loans were concentrated in these states because certain conditions in these states will have a disproportionate impact on the mortgage loans in general:

- Weak economic conditions in these states, 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 market in these states may reduce the values of properties located in these states, which would result in an increase in the loan-to-value ratios of the related mortgage loans.
- Mortgaged properties in particular regions may be more susceptible to certain types of natural disasters. For example, mortgaged properties in Florida may be more susceptible than homes located in other parts of the country to certain types of uninsurable hazards, such as hurricanes and other natural disasters.
- Predatory lending laws or other laws which tend to restrict the availability of credit in certain cities, counties or states may limit a borrower’s refinancing options and increase the chances of default and foreclosure.

See “Yield, Prepayment and Weighted Average Life” in this private placement memorandum. For additional information regarding the geographic concentration of the mortgage loans to be included in each mortgage pool, see the geographic distribution tables in Annex B of this private placement memorandum.

Violation of Various Federal, State and Local Laws May Result in Losses on the Mortgage Loans

Applicable state laws generally regulate interest rates and other charges, require certain disclosure, and require licensing of brokers and lenders. In addition, other state laws, public policy and general principles of equity relating to the protection of consumers, unfair and deceptive practices and debt collection practices may apply to the origination, servicing and collection of mortgage loans.

Mortgage loans are also subject to various federal laws, including:

- the federal Truth-in-Lending Act and Regulation Z promulgated thereunder, which require certain disclosures to borrowers regarding the terms of their mortgage loans;
- the Equal Credit Opportunity Act and Regulation B promulgated thereunder, which prohibit discrimination on the basis of age, race, color, sex, religion, marital status, national origin, receipt of public assistance or the exercise of any right under the Consumer Credit Protection Act, in the extension of credit; and
- the Fair Credit Reporting Act, which regulates the use and reporting of information related to the borrower’s credit experience.

Violations of certain provisions of these federal laws may limit the ability of the servicer to collect all or part of the principal of or

interest on the related mortgage loans and in addition could subject the trust fund to damages and administrative enforcement.

The seller of the mortgage loans will represent in the mortgage loan sale agreement that each mortgage loan was originated in compliance with applicable federal, state and local laws and regulations. In the event of a breach of this representation, the seller will be obligated to cure the breach or repurchase or replace the affected mortgage loan in the manner described under “The Trust Agreement—Representations and Warranties” in this private placement memorandum.

**Violations of Predatory Lending
Laws/Risks Related to High**

Cost Loans

Various federal, state and local laws have been enacted that are designed to discourage predatory lending practices. The federal Home Ownership and Equity Protection Act of 1994, commonly known as HOEPA, prohibits inclusion of certain provisions in mortgage loans that have mortgage rates or origination costs in excess of prescribed levels, and requires that borrowers be given certain disclosures prior to the origination of mortgage loans. Some states have enacted, or may enact, similar laws or regulations, which in some cases impose restrictions and requirements greater than those in HOEPA.

In addition, under the anti-predatory lending laws of some states, the origination of certain mortgage loans (including loans that are not classified as “high cost” loans under applicable law) must satisfy a net tangible benefits test with respect to the related borrower. This test may be highly subjective and open to interpretation. As a result, a court may determine that a mortgage loan does not meet the test even if the related originator reasonably believed that the test was satisfied.

Failure to comply with these laws, to the extent applicable to any of the mortgage loans, could subject the trust fund, as an assignee of the related mortgage loans, to monetary penalties and could result in the borrowers rescinding the affected mortgage loans. Lawsuits have been brought in various states making claims against assignees of high cost loans for violations of state law. Named defendants in these cases have included numerous participants within the secondary mortgage market, including some securitization trusts.

The seller will represent that the trust fund does not include any mortgage loans that are subject to HOEPA or that would be classified as “high cost” loans under any similar state or local predatory or abusive lending law. There may be mortgage loans in the trust fund that are subject to the state or local requirement that the loan provide a net tangible benefit (however denominated) to the borrower; the seller will represent that these mortgage loans are in compliance with applicable requirements. If it is determined that the

trust fund includes loans subject to HOEPA or otherwise classified as high cost loans, or which do not comply with applicable net tangible benefit requirements, the seller will be required to repurchase the affected loans and to pay any liabilities incurred by the trust fund due to any violations of these laws. If the loans are found to have been originated in violation of predatory or abusive lending laws and the seller does not repurchase the affected loans and pay any related liabilities, certificateholders could incur losses.

**Relief Act Reductions and
Prepayment Interest Shortfalls
May Reduce the Yield on the
Offered Certificates**

On any distribution date, any reduction of the applicable mortgage rate on a mortgage loan by the application of the Servicemembers Civil Relief Act, as amended, and similar state and local laws, and any shortfalls in interest collections that are attributable to prepayments, to the extent not covered by compensating interest paid by the servicer, will reduce the amount of interest available for distribution to certificateholders. Any such reduction of interest will first reduce interest available to pay the offered subordinate certificates in reverse order of distribution priority and second reduce the amount of interest available to pay the senior certificates.

See “Yield, Prepayment and Weighted Average Life—General” and “—Military Action and Terrorist Attacks” in this private placement memorandum for additional information

**Ratings on the Certificates are
Dependent on Assessments by
the Rating Agencies**

The ratings on the certificates depend primarily on an assessment by the rating agencies of the mortgage loans and other assets of the trust fund, any credit enhancement and the ability of the servicer and the master servicer to service the loans. The ratings of the certificates by the rating agencies:

- only address the likelihood of receipt by holders of certificates of distributions in the amount of scheduled payments on the mortgage loans;
- do not take into consideration any of the tax aspects associated with the certificates;
- do not address the possibility that, as a result of principal prepayments, the yield on your certificates may be lower than anticipated;
- do not address the payment of any basis risk shortfalls with respect to the certificates; and
- do not comment as to the market price or suitability of the certificates for a particular investor.

Ratings are not recommendations to buy, sell or hold the certificates. A rating may be changed or withdrawn at any time by

the assigning rating agency.

Military Action and Terrorist

Attacks The effects that military action by U.S. forces in Iraq, Afghanistan or other regions, terrorist attacks in the United States or other incidents and related military action may have on the performance of the mortgage loans in the trust fund or on the values of mortgaged properties cannot be determined at this time. Investors should consider the possible effects on delinquency, default and prepayment experience of the related mortgage loans. Federal agencies and non-government lenders may defer, reduce or forgive payments and delay foreclosure proceedings in respect of loans to borrowers affected in some way by possible future events. In addition, the activation of additional U.S. military reservists or members of the National Guard may significantly increase the proportion of mortgage loans whose mortgage rates are reduced by application of the Servicemembers Civil Relief Act or similar state or local laws. The amount of interest available for payment to certificateholders will be reduced by any reductions in the amount of interest collectible as a result of application of the Servicemembers Civil Relief Act or similar state or local laws and none of the servicer, master servicer or any other party will be required to fund any interest shortfall caused by any such reduction.

Environmental Risks Real property pledged as security for a mortgage loan may be subject to certain environmental risks. Under the laws of certain states, contamination of a property may give rise to a lien on the property to assure the costs of cleanup. In several states, such a lien has priority over the lien of an existing mortgage against the related property. In addition, under the laws of some states and under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”), a lender may be liable, as an “owner” or “operator,” for the costs of addressing releases or threatened releases of hazardous substances that require remedy at a property, if agents or employees of the lender have become sufficiently involved in the operations of the borrower, regardless of whether or not the environmental damage or threat was caused by a prior owner. A lender also risks such liability on foreclosure of the mortgage. Any such lien arising with respect to a mortgaged property would adversely affect the value of that mortgaged property and could make impracticable the foreclosure on that mortgaged property in the event of a default by the related borrower. In addition, some environmental laws impose liability for releases of asbestos into the air. Third parties may seek recovery from owners or operators of real property for personal injury associated with exposure to asbestos.

**The Servicer May Be Subject to
Litigation or Governmental**

Proceedings The mortgage lending and servicing business involves the collection of numerous accounts and compliance with various federal, state

and local laws that regulate consumer lending. The servicer may be subject from time to time to various types of claims, legal actions (including class action lawsuits), investigations, subpoenas and inquiries in the course of its business. It is impossible to predict the outcome of any particular actions, investigations or inquiries or the resulting legal and financial liability. If any such proceeding were determined adversely to the servicer of the mortgage loans included in the trust fund and were to have a material adverse effect on its financial condition, the ability of the affected servicer to service the mortgage loans in accordance with the servicing agreement could be impaired.

**Risks Relating to Defaults or
Resignation of the Master
Servicer or the Servicer**

If the master servicer or the servicer were to default in their obligations under the trust agreement or the servicing agreement, respectively, the trustee, in the case of the master servicer, or the master servicer, in the case of the servicer, may attempt to terminate the defaulting party. However, certain aspects of the servicing of mortgage loans are subject to various interpretations of what actions are “accepted” or “market standard” practices, and the parties’ determination of what servicing actions are in the best interest of the certificateholders may, at such times, be in disagreement between the trustee or the master servicer, as applicable, and the sponsor and the seller on the one hand, and the master servicer or the servicer, as applicable, on the other. As a consequence, if the trustee attempts to terminate a defaulting master servicer or the master servicer attempts to terminate the defaulting servicer, the defaulting master servicer or servicer may challenge that termination. While such a dispute is being resolved, the performance of the servicing function of the master servicer or servicer may continue to suffer and may adversely affect the mortgage loans.

If the master servicer or the servicer were to become a debtor in a bankruptcy proceeding, it could seek to reject its obligations under the relevant agreements under the bankruptcy laws, thus forcing the trustee to appoint a successor servicer or master servicer pursuant to the terms of the trust agreement.

If the master servicer or the servicer resigns or is in default and the cost of servicing the mortgage loans has increased, the trustee or the master servicer, as applicable, may not be able to find a successor master servicer or servicer willing to service the loans for the related master servicing fee or servicing fee. These circumstances might cause the trustee or master servicer to seek authority from certificateholders to increase the applicable fee to an amount necessary to provide acceptable compensation to the then current master servicer or servicer or any replacement master servicer or servicer. If that approval were not granted by certificateholders, under the law generally applicable to trusts the trustee could seek approval for such an increase from a court if such increase were

necessary for the preservation or continued administration of the trust fund. Any increase in the master servicing fee or servicing fee would reduce amounts available for distribution to certificateholders, particularly holders of subordinate certificates.

Bankruptcy or Insolvency Proceedings Could Delay or Reduce Payments on the Certificates

Each transfer of a mortgage loan to Lehman Brothers Holdings Inc. and from the seller to the depositor will be intended to be an absolute and unconditional sale of that mortgage loan and will be reflected as such in the applicable documents. However, in the event of the bankruptcy or insolvency of a prior owner of a mortgage loan, a trustee in bankruptcy or a receiver or creditor of the insolvent party could attempt to recharacterize the sale of that mortgage loan by the insolvent party as a borrowing secured by a pledge of the mortgage loan. Such an attempt, even if unsuccessful, could result in delays in payments on the certificates. If such an attempt were successful, it is possible that the affected mortgage loans could be sold in order to liquidate the assets of the insolvent entity. In the case of the bankruptcy or insolvency of the applicable seller, there can be no assurance that the proceeds of such a liquidation would be sufficient to repay the certificates in full.

Limited Obligations

The assets of the trust fund are the sole source of payments on the certificates. The trust fund will have no source of cash other than collections and recoveries of the mortgage loans, amounts on deposit in a reserve fund as described under “Description of the Certificates—Distributions of Interest—Basis Risk Shortfalls” in this private placement memorandum and payments received under the interest rate swap agreement and the interest rate cap agreement as described under “Description of the Certificates—Supplemental Interest Trust—Interest Rate Swap Agreement” and “—Interest Rate Cap Agreement,” respectively, in this private placement memorandum. The certificates are not the obligations of any other entity. None of the sponsor, the seller, the depositor, Lehman Brothers Inc., the trustee, the master servicer, the servicer or any of their affiliates will have any obligation to replace or supplement the credit enhancement, or take any other action to maintain the applicable ratings of the certificates. If credit enhancement is not available, holders of certificates may suffer losses on their investments.

Glossary

A glossary of defined terms used in this private placement memorandum begins on page 155.

Description of the Certificates

General

The Series 2007-MLN1 Structured Asset Securities Corporation Mortgage Pass-Through Certificates will consist of the Class A1, Class A2, Class A3, Class A4, Class A5, Class M1, Class M2, Class M3, Class M4, Class M5, Class M6, Class M7, Class M8, Class M9, Class B1, Class B2, Class P, Class X, Class LT-R and Class R Certificates. The Certificates represent beneficial ownership interests in the Trust Fund, the assets of which consist primarily of (1) two pools of conventional, first lien, adjustable and fixed rate, fully amortizing and balloon, residential Mortgage Loans, (2) such assets as from time to time are deposited in respect of the Mortgage Loans in the Servicing Account, the Collection Account and the Certificate Account, (3) property acquired by foreclosure of Mortgage Loans or deed in lieu of foreclosure, (4) the rights of the Depositor under the Sale and Assignment Agreement, as described under “The Trust Agreement—Assignment of Mortgage Loans,” (5) the Basis Risk Reserve Fund, as described under “—Distributions of Interest—Basis Risk Shortfalls” and (6) all proceeds of the foregoing. In addition, the Certificates will represent beneficial ownership interests in one other separate trust: the Supplemental Interest Trust, the assets of which will be (a) the Swap Agreement described under “—Supplemental Interest Trust—Interest Rate Swap Agreement,” and all proceeds thereof and (b) the Interest Rate Cap Agreement as described under “—Supplemental Interest Trust—Interest Rate Cap Agreement,” and all the proceeds thereof.

The Mortgage Loans to be included in the Trust Fund will consist of Fixed Rate Mortgage Loans and Adjustable Rate Mortgage Loans, as described under “Description of the Mortgage Pools.” Pool 1 will consist only of those Mortgage Loans with original principal balances that do not exceed the applicable Freddie Mac maximum original loan amount limitations for first lien, one- to four-family residential Mortgaged Properties. Pool 2 will consist of Mortgage Loans with original principal balances that may be less than, equal to, or in excess of Fannie Mae and Freddie Mac original loan amount limitations for first lien, one- to four-family residential Mortgaged Properties.

Each class of Offered Certificates will be issued in the respective approximate initial Class Principal Amount specified in the table on page 1 and will accrue interest at the respective Interest Rate specified in the table on page 1 and as further described under “Summary of Terms—The Certificates—Payments on the Certificates—Interest Payments.” The Class P, Class X, Class LT-R and Class R Certificates will be entitled to amounts set forth in the Trust Agreement and will be issued without interest rates. The initial total Certificate Principal Amount of the Offered Certificates may be increased or decreased by up to five percent to the extent that the Cut-off Date Balance of the Mortgage Loans is correspondingly increased or decreased as described under “Description of the Mortgage Pools” herein.

For purposes of allocating distributions of principal and interest on the Senior Certificates, (1) the Group 1 Certificates will relate to, and generally will be limited to collections from, the Pool 1 Mortgage Loans and (2) the Group 2 Certificates will relate to, and generally will be limited to collections from, the Pool 2 Mortgage Loans. However, holders of each class of Senior Certificates will receive the benefit of Monthly Excess Interest generated by each Mortgage Pool and, to a limited extent, certain principal payments generated by the Mortgage Pool unrelated to that class. Holders of the Offered Subordinate Certificates will be entitled to receive distributions based upon principal and interest collections from each Mortgage Pool, but such rights to distributions will be subordinate to the rights of the holders of the Senior Certificates to the extent described herein.

The Class B2 Certificates, in addition to required distributions of principal and interest, will generally be entitled to Monthly Excess Cashflow, if any, from each Mortgage Pool remaining after required distributions are made to the other Offered Certificates and after payment of certain expenses of the Trust Fund (including any payments to the Swap Counterparty). After the Class B2 Certificates have been retired, the Class X Certificates will be entitled to Monthly Excess Cashflow (as described in the Trust Agreement), if any, from each Mortgage Pool, remaining after required distributions are made to the Offered Certificates and the payment of certain expenses of the Trust Fund (including any payments to the Swap Counterparty). The Class P Certificates will solely be entitled to receive all Prepayment Premiums received in respect of the Mortgage Loans from each Mortgage Pool and, accordingly, such amounts will not be available for distribution to the holders of the other classes of Certificates or to the Servicer as additional servicing compensation. The Class LT-R and Class R Certificates will represent the remaining interest in the assets of the Trust Fund after the required distributions are made to all other classes of Certificates and will evidence the residual interests in the REMICs.

Lehman Pass-Through Securities Inc., an affiliate of the Sponsor, the Depositor, the Master Servicer, Lehman Brothers, the Swap Counterparty and the Cap Counterparty, will initially hold the Class P and Class X Certificates and intends to enter into a NIMS Transaction. The NIM Securities issued in the NIMS Transaction may be insured by a NIMS Insurer. If the NIM Securities are so insured, the NIMS Insurer will have certain rights under the Trust Agreement and the Servicing Agreement as described herein.

Distributions on the Offered Certificates will be made on the Distribution Date to Certificateholders of record on the applicable record date specified in the table on page 2. Distributions on the Offered Certificates will be made to each registered holder entitled thereto, by wire transfer in immediately available funds; *provided* that the final distribution in respect of any Certificate will be made only upon presentation and surrender of such Certificate at the Corporate Trust Office of the Trustee. See “The Trust Agreement—The Trustee” herein.

Book-Entry Registration

Except for any Offered Certificates to be placed with Institutional Accredited Investors and issued in definitive form, the Offered Certificates will be issued, maintained and transferred on the book-entry records of DTC and its Participants. Each class of Book-Entry Certificates will be represented by one or more Global Securities that equal in the aggregate the initial Class Principal Amount of the related class registered in the name of the nominee of DTC. The Offered Certificates will be issued in minimum denominations in the principal amounts and the incremental denominations in excess thereof specified in the table on page 2. With respect to initial European investors only, Lehman Brothers will only sell Senior Certificates in minimum total investment amounts of \$100,000.

General. Persons acquiring beneficial ownership interests in the Book-Entry Certificates will hold their Certificates through DTC in the United States, or Clearstream Luxembourg or Euroclear in Europe if they are participants of such systems, or indirectly through organizations which are participants in such systems. Each class of Book-Entry Certificates will be issued in one or more certificates that equal the initial Class Principal Amount of the related class of Certificates 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’s and Euroclear’s names on the books of their respective depositories which in turn will hold such positions in customers’ securities accounts in the Relevant Depository’s names on the books of DTC. Except as described below, no Beneficial Owner will be entitled to receive a physical certificate representing such 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.

Beneficial Owners will not be Certificateholders as that term is used in the Trust Agreement. Beneficial Owners are only permitted to exercise their rights indirectly through Participants and DTC.

The Beneficial Owner's ownership of a Book-Entry Certificate will be recorded on the records of a Financial Intermediary that maintains the Beneficial Owner's account for such purpose. In turn, the Financial Intermediary's ownership of such Book-Entry Certificate will be recorded on the records of DTC (or of a Participant) 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).

Beneficial Owners will receive all distributions of principal of, and interest on, the Book-Entry Certificates from the Trustee through DTC and DTC participants. While the Book-Entry Certificates are outstanding (except under the circumstances described below), under the DTC Rules, DTC is required to make book-entry transfers among Participants on whose behalf it acts with respect to the Book-Entry Certificates and is required to receive and transmit distributions of principal of, and interest on, the Book-Entry Certificates. Participants and indirect participants with whom Beneficial Owners have accounts with respect to Book-Entry Certificates are similarly required to make book-entry transfers and receive and transmit such distributions on behalf of their respective Beneficial Owners. Accordingly, although Beneficial Owners will not possess certificates, the DTC Rules provide a mechanism by which Beneficial Owners will receive distributions and will be able to transfer their interest.

Beneficial Owners will not receive or be entitled to receive certificates representing their respective interests in the Book-Entry Certificates, except under the limited circumstances described below. Unless and until Definitive Certificates are issued, Beneficial Owners who are not Participants may transfer ownership of Book-Entry Certificates only through Participants and indirect participants by instructing such Participants and indirect participants to transfer Book-Entry Certificates, by book-entry transfer, through DTC for the account of the purchasers of such Book-Entry Certificates, which account is maintained with their respective Participants. Under the DTC Rules and in accordance with DTC's normal procedures, transfer of ownership of Book-Entry Certificates 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 Beneficial 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. Such credits or any transactions in such securities settled during such processing will be reported to the relevant Euroclear or Clearstream Luxembourg Participants on such 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. For information with respect to tax documentation procedures relating to the Certificates, see "Material Federal Income Tax Considerations—Taxation of REMIC Regular Interests—Foreign Persons" in this private placement memorandum and "Global Clearance, Settlement and Tax Documentation Procedures—Certain U.S. Federal Income Tax Documentation Requirements" in Annex A hereto.

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 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 in DTC in accordance with the DTC Rules on behalf of the relevant European international clearing system by the Relevant Depository; however, such cross market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such 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 Certificates, whether held for its own account or as a nominee for another person. In general, beneficial ownership of Book-Entry Certificates will be subject to the DTC Rules as in effect from time to time.

Clearstream Luxembourg is a duly licensed bank organized as a limited liability company (a société anonyme) incorporated under the laws of Grand Duchy of Luxembourg as a professional depository. Clearstream Luxembourg holds securities for Clearstream Luxembourg Participants and facilitates the clearance and settlement of securities transactions between Clearstream Luxembourg Participants through electronic book-entry changes in accounts of Clearstream Luxembourg Participants, thereby eliminating the need for physical movement of certificates. Transactions may be settled in Clearstream Luxembourg in any of various currencies, including United States dollars. Clearstream Luxembourg provides to its Clearstream Luxembourg Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Clearstream Luxembourg interfaces with domestic markets in several countries. As a professional depository, Clearstream Luxembourg is subject to regulation by the Luxembourg Monetary Institute. Clearstream Luxembourg Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Indirect access to Clearstream Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Luxembourg Participant, either directly or indirectly.

Euroclear was created in 1968 to hold securities for 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 be settled in any of various 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 Euroclear Operator. All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator. 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.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by 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 Certificates will be made on each Distribution Date by the Trustee to DTC. DTC will be responsible for crediting the amount of such payments to the accounts of the applicable DTC participants in accordance with DTC's normal procedures. Each DTC participant will be responsible for disbursing such payment to the Beneficial Owners of the Book-Entry Certificates that it represents and to each Financial Intermediary for which it acts as agent. Each such Financial Intermediary will be responsible for disbursing funds to the Beneficial Owners of the Book-Entry Certificates that it represents.

Under a book-entry format, Beneficial Owners of the Book-Entry Certificates may experience some delay in their receipt of payments, since such payments will be forwarded by the Trustee to Cede & Co. Distributions with respect to Certificates 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. Such distributions will be subject to tax reporting in accordance with relevant United States tax laws and regulations. See "Material Federal Income Tax Considerations—Foreign Persons" herein.

Because DTC can only act on behalf of Financial Intermediaries, the ability of a Beneficial Owner to pledge Book-Entry Certificates to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such Book-Entry Certificates, may be limited due to the lack of physical certificates for such Book-Entry Certificates. In addition, issuance of the Book-Entry Certificates in book-entry form may reduce the liquidity of such Certificates in the secondary market since certain potential investors may be unwilling to purchase Certificates for which they cannot obtain physical certificates.

Monthly and annual reports will be provided to Cede & Co., as nominee of DTC, and may be made available by Cede & Co. to Beneficial Owners upon request, in accordance with the DTC Rules and to the Financial Intermediaries to whose DTC accounts the Book-Entry Certificates of such Beneficial Owners are credited.

DTC has advised the Trustee that, unless and until Definitive Certificates are issued, DTC will take any action permitted to be taken by the holders of the Book-Entry Certificates under the Trust Agreement only at the direction of one or more Financial Intermediaries to whose DTC accounts the Book-Entry Certificates are credited, to the extent that such actions are taken on behalf of Financial Intermediaries whose holdings include such Book-Entry Certificates. Clearstream Luxembourg or the Euroclear Operator, as the case may be, will take any other action permitted to be taken by a Certificateholder under the Trust 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 such actions on its behalf through DTC. DTC may take actions, at the direction of the related Participants, with respect to some Book-Entry Certificates which conflict with actions taken with respect to other Certificates.

Although DTC, Clearstream Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of Book-Entry Certificates among participants of DTC, Clearstream Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time.

None of the Depositor, the Master Servicer, the Servicer or the Trustee or any of their respective affiliates 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 Certificates held by Cede & Co., as nominee for DTC, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests or transfers thereof.

Definitive Certificates. Definitive Certificates will be issued to Beneficial Owners or their nominees, respectively, rather than to DTC or its nominee, only (a) if the Beneficial Owner is an Institutional Accredited Investor, (b) if DTC or the Depositor advises the Trustee in writing that DTC is no longer willing or able to properly discharge its responsibilities as depository for the Book-Entry Certificates and the Depositor is unable to locate a qualified successor or (c) after the occurrence of an event of default as specified in the Trust Agreement, Beneficial Owners of Certificates representing not less than 50% of the aggregate Percentage Interests evidenced by a Class of Certificates issued as Book-Entry Certificates advise the Trustee and DTC through the financial intermediaries in writing that the continuation of a book-entry system through DTC, or a successor to it, is no longer in the best interests of the Beneficial Owners of such Class of Certificates. Upon the occurrence of such an event, the Trustee is required to direct DTC to notify Participants who have ownership of Book-Entry Certificates as indicated on the records of DTC of the availability of Definitive Certificates for their Book-Entry Certificates. Upon surrender by DTC of the Definitive Certificates representing the Book-Entry Certificates and upon receipt of instructions from DTC for re-registration, the Trustee will reissue the Book-Entry Certificates as Definitive Certificates in the respective principal amounts owned by individual Beneficial Owners, and thereafter the Trustee will recognize the holders of such Definitive Certificates as Certificateholders under the Trust Agreement.

Restrictions on Transfer

The Offered Certificates are being offered in a private placement to a limited number of institutional investors in the United States and to certain persons in offshore transactions in reliance on Regulation S under the Securities Act and will not be registered under the Securities Act or any state securities or “blue sky” laws, and neither the Depositor nor the Trustee is obligated to register the Offered Certificates under the Securities Act or any such other laws. No transfer or sale of the Offered Certificates offered hereby will be made unless such transfer is not subject to registration under the Securities Act or any applicable state securities laws. As a result, Book-Entry Certificates may be resold or transferred only to (i) a QIB under Rule 144A of the Securities Act or (ii) non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act and in compliance therewith. Definitive Certificates may be resold or transferred only to (i) an Institutional Accredited Investor under Regulation D of the Securities Act, (ii) a QIB, under Rule 144A of the Securities Act or (iii) non-U.S. persons in offshore transactions under Regulation S of the Securities Act, *provided* that, except in the case of the initial purchase of Offered Certificates resold on the Closing Date by Lehman Brothers Inc., any such transfer of an Offered Certificate to an Institutional Accredited Investor must be in Definitive Form. In addition, there are restrictions on the purchase of the Offered Certificates by Plans.

Prior to any transfer of a Definitive Certificate to a QIB or an Institutional Accredited Investor, the proposed transferee will be required to represent to the Trustee in writing that the above conditions to transfer are satisfied. Such representations shall be set forth in an investment letter substantially in the form of Exhibit I (in the case of a QIB) or Exhibit II (in the case of an Institutional Accredited Investor) attached hereto. See “Notice To Investors” and “ERISA Considerations” herein. A transferee of an interest in a Book-Entry Certificate, by acceptance of its interest therein, shall be deemed to have made all such representations set forth under the caption “Notice to Investors.” In addition, a transferee of an interest in a Regulation S Global Security shall be deemed to have represented and warranted that (a) until the expiration of the “distribution compliance period” within the meaning of Regulation S, any offer, sale,

pledge or other transfer thereof shall not be made in the United States or to, or for the account or benefit of, a U.S. Person (as defined in Regulation S) and (b) if subsequent to the distribution compliance period, the Offered Certificates are held within the United States or such holder is a U.S. Person, such holder is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance of Rule 144A. Each transferee will agree to indemnify the Trustee and the Depositor against any liability that may result from a transfer by such Certificateholder that is not made in accordance with such laws or the provisions of the Trust Agreement.

The Trustee will not have the ability to monitor transfers of the Offered Certificates while they are in book-entry form and will have no liability for transfers of the Offered Certificates in violation of any of the transfer restrictions described in this private placement memorandum.

Distributions of Interest

Calculation of Interest. The amount of interest distributable on each Distribution Date in respect of each class of the Offered Certificates will equal the sum of (1) Current Interest for such class and for such date and (2) any Carryforward Interest for such class and for such date. Interest will accrue on the Offered Certificates on the basis of a 360-day year and the actual number of days elapsed in each Accrual Period.

The Interest Rate for each class of Offered Certificates will be the applicable annual rate described under “Summary of Terms—The Certificates—Payments on the Certificates—Interest Payments.”

Basis Risk Shortfalls. With respect to each Distribution Date and any class of Offered Certificates, such class will be entitled to the amount of any Basis Risk Shortfall and Unpaid Basis Risk Shortfall with interest thereon at the applicable Interest Rate (calculated without regard to the applicable Net Funds Cap) before the holders of the Class X, Class LT-R and Class R Certificates are entitled to any distributions.

The Offered Certificates will be entitled to the amount of such Basis Risk Shortfall and Unpaid Basis Risk Shortfall from (1) Monthly Excess Cashflow, treated as paid from, and to the extent such funds are on deposit in, the Basis Risk Reserve Fund, (2) any amounts received under the Swap Agreement after payment of certain priority amounts and (3) any amounts received under the Interest Rate Cap Agreement after payment of certain priority amounts. See “—Credit Enhancement—Application of Monthly Excess Cashflow,” “—Supplemental Interest Trust—Interest Rate Swap Agreement” and “—Supplemental Interest Trust—Interest Rate Cap Agreement” below. The source of funds on deposit in the Basis Risk Reserve Fund will be limited to (1) an initial deposit of \$1,000 by the Sponsor and (2) certain amounts that would otherwise be distributed to the Class X Certificates. Notwithstanding the foregoing, the amount of any Basis Risk Shortfall for any class of Offered Certificates in respect of any Distribution Date may not exceed the amount, if any, by which (x) the amount payable at the applicable Maximum Interest Rate exceeds (y) the amount payable at the applicable Net Funds Cap.

The amount of Monthly Excess Cashflow distributable with respect to the Class X Certificates on any Distribution Date will be reduced by the amount of any Basis Risk Payment not satisfied from amounts, if any, on deposit in the Basis Risk Reserve Fund.

Interest Distribution Priorities.

A. The Interest Remittance Amount for each Mortgage Pool will be distributed on each Distribution Date (or, in the case of payments to the Swap Counterparty, the Business Day prior to each Distribution Date) concurrently, as follows:

(i) The Interest Remittance Amount for Pool 1 for such date will be distributed in the following order of priority:

(a) for deposit into the Interest Rate Swap Account, the allocable portion of any Net Swap Payment or Swap Termination Payment (not due to a Swap Counterparty Trigger Event) for Pool 1 (based on the applicable Pool Percentage) owed to the Swap Counterparty (including amounts remaining unpaid from previous Distribution Dates);

(b) for deposit into the Interest Rate Swap Account, the amount of any Net Swap Payment or Swap Termination Payment (not due to a Swap Counterparty Trigger Event) owed to the Swap Counterparty to the extent not paid previously or from the Interest Remittance Amount for Pool 2 in accordance with clause A.(ii)(a) below;

(c) to the Class A1 Certificates, Current Interest and any Carryforward Interest for such class for such Distribution Date; and

(d) for application pursuant to clause B. below, any such Interest Remittance Amount for Pool 1 remaining undistributed for such Distribution Date.

(ii) The Interest Remittance Amount for Pool 2 for such date will be distributed in the following order of priority:

(a) for deposit into the Interest Rate Swap Account, the allocable portion of any Net Swap Payment or Swap Termination Payment (not due to a Swap Counterparty Trigger Event) for Pool 2 (based on the applicable Pool Percentage) owed to the Swap Counterparty (including amounts remaining unpaid from previous Distribution Dates);

(b) for deposit into the Interest Rate Swap Account, the amount of any Net Swap Payment or Swap Termination Payment (not due to a Swap Counterparty Trigger Event) owed to the Swap Counterparty to the extent not paid previously or from the Interest Remittance Amount for Pool 1 in accordance with clause A.(i)(a) above;

(c) concurrently, on a *pro rata* basis, to the Class A2, Class A3, Class A4 and Class A5 Certificates, Current Interest and any Carryforward Interest for such classes for such Distribution Date (any shortfall in Current Interest and Carryforward Interest to be allocated among such classes in proportion to the amount of Current Interest and Carryforward Interest that would have otherwise been distributable thereon); and

(d) for application pursuant to clause B. below, any such Interest Remittance Amount for Pool 2 remaining undistributed for such Distribution Date.

B. On each Distribution Date, the Trustee will distribute the aggregate of any remaining Interest Remittance Amounts from clauses A.(i)(d) and A.(ii)(d) above, in the following order of priority:

(i) concurrently, to each class of Senior Certificates, Current Interest and any Carryforward Interest for such classes for such Distribution Date (any shortfall in Current Interest and Carryforward Interest to be allocated among such classes in proportion to the amount of Current Interest and Carryforward Interest that would have otherwise been distributable thereon) to the extent not paid on such Distribution Date pursuant to clauses A.(i)(c) and A.(ii)(c) above;

(ii) to each class of Offered Subordinate Certificates, in accordance with the Subordinate Priority, Current Interest and any Carryforward Interest for such classes for such Distribution Date;

(iii) to the Credit Risk Manager, the Credit Risk Manager's Fee;

(iv) to the Trustee, previously unreimbursed extraordinary costs, liabilities and expenses to the extent provided in the Trust Agreement; and

(v) for application as part of Monthly Excess Cashflow for such Distribution Date, as described under “—Credit Enhancement—Application of Monthly Excess Cashflow” below, any such Interest Remittance Amounts remaining undistributed for such Distribution Date.

Prepayment Interest Shortfalls. When a principal prepayment in full or in part is made on a Mortgage Loan, the borrower is charged interest only to the date of such prepayment, instead of for a full month, with a resulting reduction in interest payable for the month during which the prepayment is made. Full or partial prepayments (or proceeds of other liquidations) received in the applicable Prepayment Period will be distributed to holders of the Offered Certificates on the Distribution Date following that Prepayment Period. To the extent that, as a result of a full or partial prepayment on a Mortgage Loan, a borrower is not required to pay a full month's interest on the amount prepaid, a Prepayment Interest Shortfall could result. However, in the case of a prepayment in full on a Mortgage Loan made in the same month in which such prepayment is distributed to Certificateholders, a Prepayment Interest Excess could result.

With respect to prepayments in full and in part, the Servicer will be obligated to pay Compensating Interest to the extent that a Prepayment Interest Shortfall occurs. The Master Servicer is not obligated to fund any Prepayment Interest Shortfalls required to be paid but not paid by the Servicer. See “Mortgage Loan Servicing—Prepayment Interest Shortfalls” herein. Any Net Prepayment Interest Shortfall will reduce the Interest Remittance Amount available for distribution on the related Distribution Date.

Determination of LIBOR

On each LIBOR Determination Date, the Trustee will determine LIBOR based on (1) the offered rates for U.S. dollar deposits of one month maturity, as such rates appear on the Designated Telerate Page set by the BBA as of 11:00 a.m. (London time) on such LIBOR Determination Date or (2) if such offered rate does not appear on the Designated Telerate Page as of 11:00 a.m. (London time), the Trustee will obtain such rate from the Reuters Monitor Money Rates Service page “LIBOR01,” and if the offered rate does not appear therein, from the Bloomberg L.P. page “BBAM.”

If any such offered rate is not published for such LIBOR Determination Date, LIBOR for such date will be the most recently published offered rate on the Designated Telerate Page. In the event that the BBA no longer sets such offered rate, the Trustee will designate an alternative index that has performed, or that the Trustee expects to perform, in a manner substantially similar to the BBA's offered rate. The Trustee will select a particular index as the alternative index only if it receives an opinion of counsel (furnished at the Trust Fund's expense) that the selection of such index will not cause any of the REMICs to lose their classification as REMICs for federal income tax purposes.

The establishment of LIBOR on each LIBOR Determination Date by the Trustee and the Trustee's calculation of the Interest Rate applicable to each class of Offered Certificates for the related Accrual Period will (in the absence of manifest error) be final and binding.

LIBOR for the first Accrual Period will be 5.32000%.

Distributions of Principal

General. Distributions of principal on the Senior Certificates will be made primarily from the Principal Distribution Amount for the related Mortgage Pool and secondarily from the Principal Distribution Amount from the unrelated Mortgage Pool, from Monthly Excess Cashflow from each Mortgage Pool, to the extent of such excess available funds, as described under "—Credit Enhancement—Application of Monthly Excess Cashflow" below, from the Interest Rate Swap Amount (if any), as described under "—Supplemental Interest Trust—Application of Deposits and Payments Received by the Supplemental Interest Trust—Interest Rate Swap Agreement" below, and from the Interest Rate Cap Amount (if any), as described under "—Supplemental Interest Trust—Application of Deposits and Payments Received by the Supplemental Interest Trust—Interest Rate Cap Agreement" below. Distributions of principal on the Offered Subordinate Certificates will be made primarily from the aggregate of the Principal Distribution Amounts from each Mortgage Pool after distributions of principal have been made on the Senior Certificates, and secondarily from Monthly Excess Cashflow from each Mortgage Pool, to the extent of such excess available funds, as described under "—Credit Enhancement—Application of Monthly Excess Cashflow" below, from the Interest Rate Swap Amount (if any), as described under "—Supplemental Interest Trust—Application of Deposits and Payments Received by the Supplemental Interest Trust—Interest Rate Swap Agreement" below, and from the Interest Rate Cap Amount (if any), as described under "—Supplemental Interest Trust—Application of Deposits and Payments Received by the Supplemental Interest Trust—Interest Rate Cap Agreement" below.

Principal Distribution Priorities. The Principal Distribution Amount for each Mortgage Pool will be distributed on each Distribution Date (or, in the case of payments to the Swap Counterparty, the Business Day prior to each Distribution Date) in the following order of priority:

I. On each Distribution Date (or, in the case of payments to the Swap Counterparty, the Business Day prior to each Distribution Date) (a) prior to the Stepdown Date or (b) with respect to which a Trigger Event is in effect, until the aggregate Certificate Principal Amount of the Offered Certificates equals the Target Amount for such Distribution Date, the Trustee will make the following distributions (for clauses (A) and (B), concurrently):

(A) *For Pool 1:* The Principal Distribution Amount for Pool 1 will be distributed in the following order of priority:

(i) for deposit into the Interest Rate Swap Account, the allocable portion of any Net Swap Payment or Swap Termination Payment (not due to a Swap Counterparty

Trigger Event) with respect to Pool 1 (based on the applicable Pool Percentage) owed to the Swap Counterparty (to the extent not paid previously or from the Interest Remittance Amount in accordance with “—Distributions of Interest—Interest Distribution Priorities” above);

(ii) for deposit into the Interest Rate Swap Account, the amount of any Net Swap Payment or Swap Termination Payment (not due to a Swap Counterparty Trigger Event) owed to the Swap Counterparty (to the extent not paid previously, from the Interest Remittance Amount in accordance with “—Distributions of Interest—Interest Distribution Priorities” above, from the Principal Distribution Amount for Pool 2 in accordance with clause I.(B)(i) below or pursuant to clause (i) above);

(iii) to the Class A1 Certificates, until the Class Principal Amount of such class has been reduced to zero; and

(iv) for application pursuant to clause I.(C) below, any such Principal Distribution Amount for Pool 1 remaining undistributed for such Distribution Date.

(B) *For Pool 2:* The Principal Distribution Amount for Pool 2 will be distributed in the following order of priority:

(i) for deposit into the Interest Rate Swap Account, the allocable portion of any Net Swap Payment or Swap Termination Payment (not due to a Swap Counterparty Trigger Event) with respect to Pool 2 (based on the applicable Pool Percentage) owed to the Swap Counterparty (to the extent not paid previously or from the Interest Remittance Amount in accordance with “—Distributions of Interest—Interest Distribution Priorities” above);

(ii) for deposit into the Interest Rate Swap Account, the amount of any Net Swap Payment or Swap Termination Payment (not due to a Swap Counterparty Trigger Event) owed to the Swap Counterparty (to the extent not paid previously, from the Interest Remittance Amount in accordance with “—Distributions of Interest—Interest Distribution Priorities” above, from the Principal Distribution Amount for Pool 1 in accordance with clause I.(A)(i) above or pursuant to clause (i) above);

(iii) sequentially, to the Class A2, Class A3, Class A4 and Class A5 Certificates, in that order, until the Class Principal Amount of each such class has been reduced to zero; and

(iv) for application pursuant to clause I.(C) below, any such Principal Distribution Amount for Pool 2 remaining undistributed for such Distribution Date.

(C) On each Distribution Date, the Trustee will distribute the aggregate of any remaining Principal Distribution Amounts from clauses I.(A)(iv) and I.(B)(iv) above in the following order of priority:

(i) concurrently, in proportion to the aggregate Class Principal Amounts of the Group 1 and Group 2 Certificates, after giving effect to principal distributions on such Distribution Date pursuant to clauses I.(A)(iii) and I.(B)(iii) above, to the Group 1 and Group 2 Certificates, until the Class Principal Amount of each such class has been reduced to zero;

(ii) to the Offered Subordinate Certificates, in accordance with the Subordinate Priority, until the Class Principal Amount of each such class has been reduced to zero; and

(iii) for application as part of Monthly Excess Cashflow for such Distribution Date, as described under “—Credit Enhancement—Application of Monthly Excess Cashflow” below, any such Principal Distribution Amounts remaining after application pursuant to clauses I.(C)(i) and (ii) above.

Any Principal Distribution Amount remaining on any Distribution Date after the Target Amount is achieved will be applied as part of the Monthly Excess Cashflow for such Distribution Date as described under “—Credit Enhancement—Application of Monthly Excess Cashflow” below.

II. On each Distribution Date (or, in the case of payments to the Swap Counterparty, the Business Day prior to each Distribution Date) (a) on or after the Stepdown Date and (b) with respect to which a Trigger Event is not in effect, the Principal Distribution Amount for each Mortgage Pool for such date will be distributed in the following order of priority:

(i) for deposit into the Interest Rate Swap Account, the allocable portion of any Net Swap Payment or Swap Termination Payment (not due to a Swap Counterparty Trigger Event) for such Mortgage Pool (based on the applicable Pool Percentage) owed to the Swap Counterparty (to the extent not paid previously or from the Interest Remittance Amount in accordance with “—Distributions of Interest—Interest Distribution Priorities” above);

(ii) for deposit into the Interest Rate Swap Account, any Net Swap Payment or Swap Termination Payment (not due to a Swap Counterparty Trigger Event) owed to the Swap Counterparty (to the extent not paid previously, from the Interest Remittance Amount in accordance with “—Distributions of Interest—Interest Distribution Priorities” above or pursuant to clause (i) above);

(iii) (a) so long as any of the Offered Subordinate Certificates are outstanding, to the Group 1 Certificates (from amounts in Pool 1 except as provided below) and to the Group 2 Certificates in accordance with the Related Senior Priority (from amounts in Pool 2 except as provided below), in each case, an amount equal to the lesser of (x) the excess of (1) the Principal Distribution Amount for the related Mortgage Pool for such Distribution Date over (2) the amount paid to the Supplemental Interest Trust for deposit into the Interest Rate Swap Account with respect to such Distribution Date pursuant to clauses (i) and (ii) above, and (y) the Related Senior Principal Distribution Amount for such Mortgage Pool for such Distribution Date, in each case until the Class Principal Amount of each such class has been reduced to zero; *provided, however,* to the extent that the Principal Distribution Amount for a Mortgage Pool exceeds the Related Senior Principal Distribution Amount for such Mortgage Pool, such excess will be applied to the Senior Certificates related to the other Mortgage Pool (in accordance with the Related Senior Priority), but in an amount not to exceed the Senior Principal Distribution Amount for such Distribution Date (as reduced by any distributions pursuant to subclauses (x) or (y) of this clause (iii) on such Distribution Date); or (b) otherwise to the Group 1 and the Group 2 Certificates (in each case in accordance with the Related Senior Priority), the excess of (A) the Principal Distribution Amount for the related Mortgage Pool for such Distribution Date over (B) the amount paid to the Supplemental Interest Trust for deposit into the Interest Rate Swap Account with respect to such Distribution Date pursuant to clauses (i) and (ii) above, in each case until the Class Principal Amount of each such class has been reduced to zero;

(iv) to the Class M1, Class M2 and Class M3 Certificates, sequentially and in that order, an amount equal to the lesser of (x) the excess of (a) the aggregate of the Principal Distribution Amounts for Pool 1 and Pool 2 for such Distribution Date over (b) the amount distributed to the Senior Certificates or paid to the Supplemental Interest Trust for deposit into the Interest Rate Swap Account pursuant to clauses (i) through (iii) above, and (y) the M3 Principal Distribution Amount for such Distribution Date, until the Class Principal Amount of each such class has been reduced to zero;

(v) to the Class M4 Certificates, an amount equal to the lesser of (x) the excess of (a) the aggregate of the Principal Distribution Amounts for Pool 1 and Pool 2 for such Distribution Date over (b) the amount distributed to the Senior Certificates and the Class M1, Class M2 and Class M3 Certificates or paid to the Supplemental Interest Trust for deposit into the Interest Rate Swap Account pursuant to clauses (i) through (iv) above, and (y) the M4 Principal Distribution Amount for such Distribution Date, until the Class Principal Amount of such class has been reduced to zero;

(vi) to the Class M5 Certificates, an amount equal to the lesser of (x) the excess of (a) the aggregate of the Principal Distribution Amounts for Pool 1 and Pool 2 for such Distribution Date over (b) the amount distributed to the Senior Certificates and the Class M1, Class M2, Class M3 and Class M4 Certificates or paid to the Supplemental Interest Trust for deposit into the Interest Rate Swap Account pursuant to clauses (i) through (v) above, and (y) the M5 Principal Distribution Amount for such Distribution Date, until the Class Principal Amount of such class has been reduced to zero;

(vii) to the Class M6 Certificates, an amount equal to the lesser of (x) the excess of (a) the aggregate of the Principal Distribution Amounts for Pool 1 and Pool 2 for such Distribution Date over (b) the amount distributed to the Senior Certificates and the Class M1, Class M2, Class M3, Class M4 and Class M5 Certificates or paid to the Supplemental Interest Trust for deposit into the Interest Rate Swap Account pursuant to clauses (i) through (vi) above, and (y) the M6 Principal Distribution Amount for such Distribution Date, until the Class Principal Amount of such class has been reduced to zero;

(viii) to the Class M7 Certificates, an amount equal to the lesser of (x) the excess of (a) the aggregate of the Principal Distribution Amounts for Pool 1 and Pool 2 for such Distribution Date over (b) the amount distributed to the Senior Certificates and the Class M1, Class M2, Class M3, Class M4, Class M5 and Class M6 Certificates or paid to the Supplemental Interest Trust for deposit into the Interest Rate Swap Account pursuant to clauses (i) through (vii) above, and (y) the M7 Principal Distribution Amount for such Distribution Date, until the Class Principal Amount of such class has been reduced to zero;

(ix) to the Class M8 Certificates, an amount equal to the lesser of (x) the excess of (a) the aggregate of the Principal Distribution Amounts for Pool 1 and Pool 2 for such Distribution Date over (b) the amount distributed to the Senior Certificates and the Class M1, Class M2, Class M3, Class M4, Class M5, Class M6 and Class M7 Certificates or paid to the Supplemental Interest Trust for deposit into the Interest Rate Swap Account pursuant to clauses (i) through (viii) above, and (y) the M8 Principal Distribution Amount for such Distribution Date, until the Class Principal Amount of such class has been reduced to zero;

(x) to the Class M9 Certificates, an amount equal to the lesser of (x) the excess of (a) the aggregate of the Principal Distribution Amounts for Pool 1 and Pool 2 for such Distribution Date over (b) the amount distributed to the Senior Certificates and the Class M1,

Class M2, Class M3, Class M4, Class M5, Class M6, Class M7 and Class M8 Certificates or paid to the Supplemental Interest Trust for deposit into the Interest Rate Swap Account pursuant to clauses (i) through (ix) above, and (y) the M9 Principal Distribution Amount for such Distribution Date, until the Class Principal Amount of such class has been reduced to zero;

(xi) to the Class B1 Certificates, an amount equal to the lesser of (x) the excess of (a) the aggregate of the Principal Distribution Amounts for Pool 1 and Pool 2 for such Distribution Date over (b) the amount distributed to the Senior Certificates and the Class M1, Class M2, Class M3, Class M4, Class M5, Class M6, Class M7, Class M8 and Class M9 Certificates or paid to the Supplemental Interest Trust for deposit into the Interest Rate Swap Account pursuant to clauses (i) through (x) above, and (y) the B1 Principal Distribution Amount for such Distribution Date, until the Class Principal Amount of such class has been reduced to zero;

(xii) to the Class B2 Certificates, until the Class Principal Amount of such class has been reduced to zero; and

(xiii) for application as part of Monthly Excess Cashflow for such Distribution Date, as described under “—Credit Enhancement—Application of Monthly Excess Cashflow” below, any such Principal Distribution Amounts remaining after application pursuant to clauses (i) through (xii) above.

Credit Enhancement

Credit enhancement for the Offered Certificates consists of, in addition to limited cross-collateralization, the subordination of the Subordinate Certificates, the priority of application of Realized Losses, excess interest, overcollateralization, the Swap Agreement and the Interest Rate Cap Agreement, in each case as described below.

Subordination. The rights of holders of the Offered Subordinate Certificates to receive distributions with respect to the Mortgage Loans will be subordinated, to the extent described herein, to such rights of holders of each class of Offered Certificates having a higher priority of distribution, as described under “—Distributions of Interest” and “—Distributions of Principal” above. This subordination is intended to enhance the likelihood of regular receipt by holders of Offered Certificates having a higher priority of distribution of the full amount of interest and principal distributable thereon, and to afford such Certificateholders limited protection against Realized Losses incurred with respect to the Mortgage Loans.

The limited protection afforded to holders of the Offered Certificates by means of the subordination of the Offered Subordinate Certificates having a lower priority of distribution will be accomplished by the preferential right of holders of such Offered Certificates to receive, prior to any distribution in respect of interest or principal being made on any Distribution Date in respect of Certificates having a lower priority of distribution, the amounts of interest due to them and principal available for distribution, respectively, on such Distribution Date.

Application of Realized Losses. Realized Losses on the Mortgage Loans will have the effect of reducing amounts distributable in respect of, *first*, the Class X Certificates (both through the application of Monthly Excess Cashflow to fund such deficiency and through a reduction in the Overcollateralization Amount for the related Distribution Date); *second*, the Class B2 Certificates; *third*, the Class B1 Certificates; *fourth*, the Class M9 Certificates; *fifth*, the Class M8 Certificates; *sixth*, the Class M7 Certificates; *seventh*, the Class M6 Certificates; *eighth*, the Class M5 Certificates; *ninth*, the Class M4

Certificates; *tenth*, the Class M3 Certificates; *eleventh*, the Class M2 Certificates; and *twelfth*, the Class M1 Certificates, before reducing amounts distributable in respect of the Senior Certificates.

To the extent that Realized Losses are incurred, those Realized Losses will reduce the Aggregate Pool Balance and thus may, to the extent not covered by Monthly Excess Cashflow, reduce the Overcollateralization Amount. As described herein, the Overcollateralization Amount is increased and maintained by application of Monthly Excess Cashflow and amounts received in respect of the Swap Agreement and the Interest Rate Cap Agreement to make distributions of principal on the Offered Certificates.

If on any Distribution Date after giving effect to all Realized Losses incurred with respect to the Mortgage Loans during the related Collection Period and distributions of principal on such Distribution Date, there are Applied Loss Amounts, the Certificate Principal Amounts of the Offered Subordinate Certificates will be reduced in inverse order of priority of distribution. Applied Loss Amounts will be allocated in reduction of the Class Principal Amount of *first*, the Class B2 Certificates, until their Class Principal Amount has been reduced to zero; *second*, the Class B1 Certificates, until their Class Principal Amount has been reduced to zero; *third*, the Class M9 Certificates, until their Class Principal Amount has been reduced to zero; *fourth*, the Class M8 Certificates, until their Class Principal Amount has been reduced to zero; *fifth*, the Class M7 Certificates, until their Class Principal Amount has been reduced to zero; *sixth*, the Class M6 Certificates, until their Class Principal Amount has been reduced to zero; *seventh*, the Class M5 Certificates, until their Class Principal Amount has been reduced to zero; *eighth*, the Class M4 Certificates until their Class Principal Amount has been reduced to zero; *ninth*, the Class M3 Certificates until their Class Principal Amount has been reduced to zero; *tenth*, the Class M2 Certificates until their Class Principal Amount has been reduced to zero; and *eleventh*, the Class M1 Certificates until their Class Principal Amount has been reduced to zero. The Class Principal Amounts of the Senior Certificates will not be reduced by allocation of Applied Loss Amounts; however, if the applicable subordination is insufficient to absorb losses, the holders of the Senior Certificates may incur losses and may never receive all of their principal payments.

Holders of the Offered Subordinate Certificates will not receive any distributions in respect of Applied Loss Amounts, except to the extent of available Monthly Excess Cashflow from each Mortgage Pool, as described below under “—Credit Enhancement—Application of Monthly Excess Cashflow” below, the Interest Rate Swap Amount (if any), as described under “—Supplemental Interest Trust—Application of Deposits and Payments Received by the Supplemental Interest Trust—Interest Rate Swap Agreement” below and the Interest Rate Cap Amount (if any), as described under “—Supplemental Interest Trust—Application of Deposits and Payments Received by the Supplemental Interest Trust—Interest Rate Cap Agreement” below.

In the event that the Servicer or the Master Servicer recovers any Subsequent Recovery, such Subsequent Recovery will be distributed in accordance with the priorities described under “—Distributions of Principal—Principal Distribution Priorities” herein and the Class Principal Amount of each class of Certificates that has been previously reduced by an Applied Loss Amount will be increased, as described in the definition of “Certificate Principal Amount.” Any such Subsequent Recovery that is received during a Prepayment Period will be included as a part of the Principal Remittance Amount for the related Distribution Date.

Excess Interest. The Mortgage Loans included in each Mortgage Pool bear interest each month that in the aggregate is expected to exceed the amount needed to pay monthly interest on the related Offered Certificates, the fees and expenses of the Servicer, the Master Servicer, the Custodian, the Trustee, the Credit Risk Manager and Net Swap Payments and Swap Termination Payments (not due to a Swap Counterparty Trigger Event) owed to the Swap Counterparty, if any. Such excess interest from the

Mortgage Loans each month will be available to absorb Realized Losses on the Mortgage Loans and to maintain overcollateralization at the required level.

Interest Rate Swap Agreement. Amounts received under the Swap Agreement will be applied to pay certain interest shortfalls, repay losses and to maintain the Enhancement Target for such Distribution Date as described under “—Supplemental Interest Trust—Application of Deposits and Payments Received by the Supplemental Interest Trust—Interest Rate Swap Agreement” below.

Interest Rate Cap Agreement. Amounts received under the Interest Rate Cap Agreement will be applied to pay interest shortfalls, repay losses and to maintain the Enhancement Target for such Distribution Date as described under “—Supplemental Interest Trust—Application of Deposits and Payments Received by the Supplemental Interest Trust—Interest Rate Cap Agreement” below.

Overcollateralization. The Aggregate Pool Balance as of the Cut-off Date will exceed the initial aggregate Class Principal Amount of the Offered Certificates by approximately \$10,938,558, which represents 1.20% of the Cut-off Date Balance. The weighted average of the Net Mortgage Rates of the Mortgage Loans is currently, and generally in the future is expected to be, higher than the weighted average interest rate on the Offered Certificates, the fees and expenses of the Trust Fund, and any Net Swap Payments and Swap Termination Payments (not due to a Swap Counterparty Trigger Event) due to the Swap Counterparty, if any. As described below, interest collections will be applied as distributions of principal to the extent needed to maintain overcollateralization (i.e., the excess of the Aggregate Pool Balance over the aggregate Class Principal Amount of the Offered Certificates) at the Enhancement Target for the related Distribution Date. However, Realized Losses with respect to the Mortgage Loans in each Mortgage Pool will reduce overcollateralization, and could result in an Overcollateralization Deficiency.

As described herein, to the extent that the Overcollateralization Amount for the related Distribution Date exceeds the Enhancement Target for such Distribution Date, a portion of the Principal Remittance Amount will not be applied in reduction of the Certificate Principal Amounts of the Offered Certificates, but will instead be applied as described below.

Application of Monthly Excess Cashflow. Any Monthly Excess Cashflow will, on each Distribution Date, be distributed in the following order of priority after giving effect to distributions on such Distribution Date from the Interest Rate Swap Account pursuant to clause (5) under “—Supplemental Interest Trust—Interest Rate Swap Agreement” below and distributions on such Distribution Date from the Interest Rate Cap Account pursuant to clause (3) under “—Supplemental Interest Trust—Interest Rate Cap Agreement” below:

(1) for each Distribution Date occurring (a) before the Stepdown Date or (b) on or after the Stepdown Date and for which a Trigger Event is in effect, then until the aggregate Certificate Principal Amount of the Offered Certificates equals the Target Amount for such Distribution Date, in the following order of priority:

(a) concurrently, in proportion to the aggregate Class Principal Amount of the Senior Certificates relating to each Mortgage Pool, after giving effect to principal distributions on such Distribution Date (as described under “—Distributions of Principal—Principal Distribution Priorities” above), to the Group 1 Certificates and the Group 2 Certificates (in each case in accordance with the Related Senior Priority) in reduction of their respective Class Principal Amounts, until the Class Principal Amount of each such class has been reduced to zero; and

(b) to the Offered Subordinate Certificates, in accordance with the Subordinate Priority, in reduction of their respective Class Principal Amounts, until the Class Principal Amount of each such class has been reduced to zero;

(2) for each Distribution Date occurring on or after the Stepdown Date and for which a Trigger Event is not in effect, in the following order of priority:

(a) concurrently, in proportion to the aggregate Class Principal Amount of the Senior Certificates relating to each Mortgage Pool, after giving effect to principal distributions on such Distribution Date (as described under “—Distributions of Principal—Principal Distribution Priorities” above), to the Group 1 Certificates and the Group 2 Certificates (in each case in accordance with the Related Senior Priority) in reduction of their respective Class Principal Amounts, until the Class Principal Amount of each such class, after giving effect to distributions on such Distribution Date, equals the Senior Target Amount;

(b) to the Class M1, Class M2 and Class M3 Certificates, in reduction of their respective Class Principal Amounts, until the aggregate Class Principal Amount of the Senior Certificates and the Class M1, Class M2 and Class M3 Certificates, after giving effect to distributions on such Distribution Date, equals the M3 Target Amount;

(c) to the Class M4 Certificates, in reduction of their Class Principal Amount, until the aggregate Class Principal Amount of the Senior Certificates and the Class M1, Class M2, Class M3 and Class M4 Certificates, after giving effect to distributions on such Distribution Date, equals the M4 Target Amount;

(d) to the Class M5 Certificates, in reduction of their Class Principal Amount, until the aggregate Class Principal Amount of the Senior Certificates and the Class M1, Class M2, Class M3, Class M4 and Class M5 Certificates, after giving effect to distributions on such Distribution Date, equals the M5 Target Amount;

(e) to the Class M6 Certificates, in reduction of their Class Principal Amount, until the aggregate Class Principal Amount of the Senior Certificates and the Class M1, Class M2, Class M3, Class M4, Class M5 and Class M6 Certificates, after giving effect to distributions on such Distribution Date, equals the M6 Target Amount;

(f) to the Class M7 Certificates, in reduction of their Class Principal Amount, until the aggregate Class Principal Amount of the Senior Certificates and the Class M1, Class M2, Class M3, Class M4, Class M5, Class M6 and Class M7 Certificates, after giving effect to distributions on such Distribution Date, equals the M7 Target Amount;

(g) to the Class M8 Certificates, in reduction of their Class Principal Amount, until the aggregate Class Principal Amount of the Senior Certificates and the Class M1, Class M2, Class M3, Class M4, Class M5, Class M6, Class M7 and Class M8 Certificates, after giving effect to distributions on such Distribution Date, equals the M8 Target Amount;

(h) to the Class M9 Certificates, in reduction of their Class Principal Amount, until the aggregate Class Principal Amount of the Senior Certificates and the Class M1, Class M2, Class M3, Class M4, Class M5, Class M6, Class M7, Class M8 and

Class M9 Certificates, after giving effect to distributions on such Distribution Date, equals the M9 Target Amount;

(i) to the Class B1 Certificates, in reduction of their Class Principal Amount, until the aggregate Class Principal Amount of the Senior Certificates and the Class M1, Class M2, Class M3, Class M4, Class M5, Class M6, Class M7, Class M8, Class M9 and Class B1 Certificates, after giving effect to distributions on such Distribution Date, equals the B1 Target Amount; and

(j) to the Class B2 Certificates, in reduction of their Class Principal Amount, until the aggregate Class Principal Amount of the Senior Certificates and the Class M1, Class M2, Class M3, Class M4, Class M5, Class M6, Class M7, Class M8, Class M9, Class B1 and Class B2 Certificates, after giving effect to distributions on such Distribution Date, equals the B2 Target Amount;

(3) to each class of the Offered Subordinate Certificates in accordance with the Subordinate Priority, any Deferred Amount for each such class and such Distribution Date;

(4) to the Basis Risk Reserve Fund, the amount of any Basis Risk Payment, and then from the Basis Risk Reserve Fund, in the following order of priority:

(a) concurrently, in proportion to their respective Basis Risk Shortfall and Unpaid Basis Risk Shortfall amounts, to the Senior Certificates, any Basis Risk Shortfall and Unpaid Basis Risk Shortfall for each such class and such Distribution Date;

(b) to the Offered Subordinate Certificates, in accordance with the Subordinate Priority, any applicable Basis Risk Shortfall and Unpaid Basis Risk Shortfall for each such class and such Distribution Date; and

(c) for addition to amounts distributable pursuant to priority (7) below, any amounts remaining in the Basis Risk Reserve Fund in excess of amounts required to be on deposit therein after application pursuant to priorities (4)(a) and (b) above for such Distribution Date;

(5) to the Class B2 Certificates, in reduction of its Class Principal Amount, until the Class Principal Amount of such class has been reduced to zero;

(6) to the Class P Certificates, the amount distributable thereon under the Trust Agreement;

(7) to the Interest Rate Swap Account, for distribution pursuant to priorities (10) and (11) under “—Supplemental Interest Trust—Application of Deposits and Payments Received by the Supplemental Interest Trust—Interest Rate Swap Agreement” below; and

(8) to the Class LT-R and Class R Certificates, any remaining amount as provided in the Trust Agreement.

Supplemental Interest Trust

Interest Rate Swap Agreement. Under the Swap Agreement, one Business Day prior to each Distribution Date commencing in April 2007 and ending with the Distribution Date in February 2013, the

Trustee, on behalf of the Supplemental Interest Trust, will be obligated to pay to the Swap Counterparty a fixed amount equal to the product of (a) the Rate of Payment for the related Distribution Date, (b) the Scheduled Notional Amount for the related Distribution Date and (c) a fraction, the numerator of which is the actual number of days in each Accrual Period and the denominator of which is 360, and the Swap Counterparty will be obligated to pay to the Trustee, on behalf of the Supplemental Interest Trust, a floating amount equal to the product of (x) LIBOR (as determined pursuant to the Swap Agreement), (y) the Scheduled Notional Amount for the related Distribution Date and (z) a fraction, the numerator of which is the actual number of days in each Accrual Period and the denominator of which is 360. A Net Swap Payment will be required to be made for the related Distribution Date either (a) by the Supplemental Interest Trust to the Swap Counterparty, to the extent that the fixed amount exceeds the corresponding floating amount, or (b) by the Swap Counterparty to the Supplemental Interest Trust, to the extent that the floating amount exceeds the corresponding fixed amount. The initial Scheduled Notional Amount of the Swap Agreement will equal approximately \$868,177,000 for the Distribution Date in April 2007.

The Swap Counterparty and the Trustee, on behalf of the Supplemental Interest Trust, have entered into a credit support annex in relation to the Swap Agreement to protect the Supplemental Interest Trust against future ratings downgrades of the Swap Counterparty that might otherwise hinder the ability of the Swap Counterparty to continue its obligations under the Swap Agreement. The Trustee, on behalf of the Supplemental Interest Trust, will establish a segregated collateral account to hold any collateral required to be posted by the Swap Counterparty under the credit support annex. Where a termination event occurs with respect to the Swap Counterparty under the Swap Agreement, or where the Swap Counterparty fulfills certain obligations to the Supplemental Interest Trust such as finding a replacement swap counterparty or a guarantor that meets established criteria of the Rating Agencies, the Trustee may be required to make payments from the segregated collateral account to the Swap Counterparty if amounts are due to such party under the terms of the credit support annex.

The Swap Agreement will terminate immediately following the Distribution Date in February 2013 unless terminated earlier upon the occurrence of a Swap Default or Swap Early Termination.

The Swap Agreement and any payments made by the Swap Counterparty thereunder will be assets of the Supplemental Interest Trust but will not be assets of any REMIC.

The Trustee will establish the Interest Rate Swap Account, into which the Sponsor will make an initial deposit of \$1,000 on the Closing Date. The Trustee will deposit into the Interest Rate Swap Account any Interest Rate Swap Amount received by the Trustee, and the Trustee will distribute from the Interest Rate Swap Account any Interest Rate Swap Amount pursuant to the priority of payments set forth under “—Application of Deposits and Payments Received by the Supplemental Interest Trust—Interest Rate Swap Agreement” below. The Trustee will deposit into the segregated collateral account any amounts posted as collateral by the Swap Counterparty and will remit interest earned on such amounts to the Swap Counterparty pursuant to the terms of the credit support annex and to the extent earned by the Trustee. Amounts held in the segregated collateral account will not be part of the Interest Rate Swap Account or Trust Fund and will not be available for distribution to Certificateholders.

The respective obligations of the Swap Counterparty and the Supplemental Interest Trust to pay specified amounts due under the Swap Agreement will be subject to the following conditions precedent: (1) no Swap Default or event that with the giving of notice or lapse of time or both would become a Swap Default shall have occurred and be continuing with respect to the Swap Agreement and (2) no Early Termination Date has occurred or been effectively designated with respect to the Swap Agreement.

In addition, there are Additional Termination Events relating to the Supplemental Interest Trust, including if the Supplemental Interest Trust or the Trust Fund should terminate, if the Trust Agreement is amended without the prior written consent of the Swap Counterparty where written consent is required, if the Class Principal Amounts of the rated Certificates are reduced to zero or if, pursuant to the terms of the Trust Agreement, the Master Servicer exercises its option to purchase the Mortgage Loans. Pursuant to the terms of the Swap Agreement, an Additional Termination Event with respect to the Swap Counterparty will generally occur if any applicable short-term or long-term credit rating of the Swap Counterparty or the Credit Support Provider is downgraded below the specified levels set forth in the Swap Agreement and (i) the Swap Counterparty fails to post collateral securing its obligations under the Swap Agreement and/or fails to obtain a guarantor or a substitute swap counterparty acceptable to the Trustee and the Rating Agencies (if required under the Swap Agreement) that will assume the obligations of the Swap Counterparty under the Swap Agreement or (ii) the Swap Counterparty is defaulting on certain obligations imposed as a result of the downgrade and the Supplemental Interest Trust obtains a guarantor or secures a substitute swap counterparty acceptable to the Rating Agencies (if required under the Swap Agreement) that will assume the obligations of the Swap Counterparty under the Swap Agreement.

Upon the occurrence of any Swap Default under the Swap Agreement, the non-defaulting party will have the right to designate an Early Termination Date. With respect to Termination Events, an Early Termination Date may be designated by one of the parties (as specified in the Swap Agreement) and will occur only upon notice and, in some circumstances, after any Affected Party has used reasonable efforts to transfer its rights and obligations under the Swap Agreement to a related entity within a specified period after notice has been given of the Termination Event, all as set forth in the Swap Agreement.

Upon any Swap Early Termination, the Supplemental Interest Trust or the Swap Counterparty (or the Credit Support Provider) may be liable to make a Swap Termination Payment to the other (regardless, if applicable, of which of the parties has caused the termination). The Swap Termination Payment will be based on the value of the Swap Agreement computed in accordance with the procedures set forth in the Swap Agreement taking into account the present value of the unpaid amounts that would have been owed by the Supplemental Interest Trust or the Swap Counterparty under the remaining scheduled term of the Swap Agreement. In the event that the Supplemental Interest Trust is required to make a Swap Termination Payment, such payment will be paid from the Trust Fund on the Business Day prior to the related Distribution Date, and on the Business Day prior to any subsequent Distribution Dates until paid in full, prior to distributions to Certificateholders.

The Swap Counterparty is permitted to transfer its rights and obligations to another party, provided, that such replacement swap counterparty assumes all the obligations of the Swap Counterparty as set forth in the Swap Agreement and the Rating Agencies confirm in writing (if required under the Swap Agreement) that as a result of such transfer, the Offered Certificates will not be downgraded, all as provided in the Swap Agreement.

The Swap Counterparty. Swiss Re Financial Products Corporation (“SRFP”) is a Delaware corporation incorporated on May 23, 1995. In the course of conducting its business, SRFP trades in over-the-counter derivative products and structures and advises on a variety of financial transactions that transfer insurance, market or credit risk to or from capital markets. SRFP’s headquarters are located at 55 East 52nd Street, New York, New York 10055. SRFP currently has a long-term counterparty credit rating of “AA-” and a short-term debt rating of “A-1+” from Standard & Poor’s.

SRFP is an indirect, wholly owned subsidiary of Swiss Reinsurance Company (“Swiss Re”), a Swiss corporation. The obligations of SRFP under the Swap Agreement are fully and unconditionally guaranteed under a guaranty by Swiss Re. Swiss Re was founded in Zurich, Switzerland, in 1863 and

since then has become one of the world's leading reinsurers. Swiss Re and its reinsurance subsidiaries have over 70 offices in more than 30 countries. Swiss Re's headquarters are located at Mythenquai 50/60, CH-8022, Zurich, Switzerland. On June 12, 2006, Swiss Re announced that it completed its acquisition of GE Insurance Solutions (excluding its US life and health business) from General Electric.

Swiss Re currently has (i) from Standard & Poor's: long-term counterparty credit, financial strength and senior unsecured debt ratings of "AA-" and a short-term counterparty credit rating of "A-1+," (ii) from Moody's: insurance financial strength and senior debt ratings of "Aa2" (negative outlook), and a short-term rating of "P-1" and (iii) from Fitch: insurer financial strength rating (Fitch initiated) and long-term issuer rating (Fitch initiated) of "AA-".

Various regulatory authorities, including the U.S. Securities and Exchange Commission and State Attorneys General in the United States, including the New York State Attorney General's office, State Insurance Departments in the United States and the U.K. Financial Services Authority, as well as law enforcement agencies, are conducting investigations on various aspects of the insurance industry, including the use of non-traditional, or loss mitigation insurance, products. Swiss Re is among the companies that have received subpoenas to produce documents relating to "non-traditional" products as part of these investigations. Swiss Re has announced that it is cooperating fully with all requests for documents addressed to Swiss Re. It is unclear at this point what the ultimate scope of the investigations will be, in terms of the products, parties or practices under review, particularly given the potentially broad range of products that could be characterized as "non-traditional." It is therefore also unclear what the direct or indirect consequences of such investigations will be, and Swiss Re is not currently in a position to give any assurances as to the consequences for it or the insurance and reinsurance industries of the foregoing investigations or related developments. Any of the foregoing could adversely affect its business, results of operations and financial condition.

The information contained in the preceding four paragraphs has been provided by SRFP and Swiss Re for use in this private placement memorandum. Neither SRFP nor Swiss Re undertakes any obligation to update such information. SRFP and Swiss Re have not been involved in the preparation of, and do not accept responsibility for, this private placement memorandum.

Interest Rate Cap Agreement. On or prior to the Closing Date, the Trustee, on behalf of the Supplemental Interest Trust, will enter into the Interest Rate Cap Agreement for the benefit of the Offered Certificates.

Under the terms of the Interest Rate Cap Agreement, in exchange for a fixed payment made on behalf of the Supplemental Interest Trust on the Closing Date, the Cap Counterparty is obligated to pay to the Supplemental Interest Trust at least one Business Day prior to each Distribution Date, commencing with the Distribution Date in April 2008 and ending with the Distribution Date in February 2012, one month's interest calculated at an annual rate equal to the excess, if any, of LIBOR (as determined pursuant to the Interest Rate Cap Agreement) over the strike rate on the Scheduled Notional Amount for the related Distribution Date, multiplied by a fraction, the numerator of which is the actual number of days in the Accrual Period related to such Distribution Date and the denominator of which is 360. The strike rate is equal to 6.50%. The initial Scheduled Notional Amount will equal approximately \$31,000 for the Distribution Date in April 2008.

The Interest Rate Cap Agreement will terminate after the Distribution Date in February 2012.

The Interest Rate Cap Agreement and any payments made by the Cap Counterparty thereunder will be assets of the Supplemental Interest Trust but will not be assets of any REMIC.

The Trustee will establish the Interest Rate Cap Account, into which the Sponsor will make an initial deposit of \$1,000 on the Closing Date. The Trustee will deposit into the Interest Rate Cap Account any payments received by the Trustee under the Interest Rate Cap Agreement, and the Trustee will distribute from the Interest Rate Cap Account any Interest Rate Cap Amount pursuant to the priority of payments set forth under “—Application of Deposits and Payments Received by the Supplemental Interest Trust—Interest Rate Cap Agreement” below.

The Cap Counterparty. The Cap Counterparty will be the same entity and will be subject to the same ratings requirements as the Swap Counterparty. See “—Supplemental Interest Trust—The Swap Counterparty” above.

Application of Deposits and Payments Received by the Supplemental Interest Trust.

Interest Rate Swap Agreement. The Interest Rate Swap Amount will, on each Distribution Date (or, in the case of payments to the Swap Counterparty, the Business Day prior to each Distribution Date), be distributed from the Interest Rate Swap Account, after making all distributions under “—Application of Monthly Excess Cashflow” above (except in the case of clause (5) below, where such payments will be applied prior to making distributions under “—Application of Monthly Excess Cashflow” above), in the following order of priority:

- (1) to the Swap Counterparty, any Net Swap Payment owed to the Swap Counterparty pursuant to the Swap Agreement for the related Distribution Date;
- (2) to the Swap Counterparty, any unpaid Swap Termination Payment not due to a Swap Counterparty Trigger Event owed to the Swap Counterparty pursuant to the Swap Agreement;
- (3) to the Senior Certificates, Current Interest and any Carryforward Interest for each such class for such Distribution Date pursuant to clause B.(i) under “—Distributions of Interest—Interest Distribution Priorities” above (such shortfall in Current Interest and Carryforward Interest to be allocated among such classes in proportion to the amount of Current Interest and Carryforward Interest that would have otherwise been distributed thereon), to the extent unpaid;
- (4) to the Offered Subordinate Certificates, in accordance with the Subordinate Priority, Current Interest and any Carryforward Interest for each such class and such Distribution Date, to the extent unpaid;
- (5) to the Offered Certificates, any amount necessary to maintain the applicable target amounts specified in clauses (1) or (2) under “—Credit Enhancement—Application of Monthly Excess Cashflow” above for such Distribution Date, for application pursuant to the priorities set forth in such clauses;
- (6) to the Offered Subordinate Certificates, in accordance with the Subordinate Priority, any Deferred Amount for each such class and such Distribution Date, to the extent unpaid;
- (7) to the Senior Certificates, any Basis Risk Shortfalls and Unpaid Basis Risk Shortfalls for each such class and for such Distribution Date, for application pursuant to the priorities set forth in clause (4)(a) under “—Credit Enhancement—Application of Monthly Excess Cashflow” above, to the extent unpaid;

(8) to the Offered Subordinate Certificates, any Basis Risk Shortfalls and Unpaid Basis Risk Shortfalls for each such class and for such Distribution Date, for application pursuant to the priorities set forth in clause (4)(b) under “—Credit Enhancement—Application of Monthly Excess Cashflow” above, to the extent unpaid;

(9) for the purchase of a replacement interest rate swap agreement (if necessary);

(10) to the Swap Counterparty, any unpaid Swap Termination Payment triggered by a Swap Counterparty Trigger Event owed to the Swap Counterparty pursuant to the Swap Agreement; and

(11) to the Class X Certificates, any amount deposited into the Interest Rate Swap Account as described under “—Credit Enhancement—Application of Monthly Excess Cashflow” above and any remaining Interest Rate Swap Amount.

With respect to each Distribution Date, the sum of all amounts distributed pursuant to clauses (5) and (6) above will not exceed cumulative Realized Losses incurred as reduced by amounts previously distributed pursuant to clauses (5) and (6) above together with amounts previously distributed pursuant to clauses (3) and (4) as described under “—Interest Rate Cap Agreement” below.

Interest Rate Cap Agreement. The Interest Rate Cap Amount will, on each Distribution Date, be distributed from the Interest Rate Cap Account, after making all distributions under “—Interest Rate Swap Agreement” above (except in the case of clause (3) below, where such payments will be applied prior to making distributions under “—Application of Monthly Excess Cashflow” above), in the following order of priority:

(1) to the Senior Certificates, Current Interest and any Carryforward Interest for each such class for such Distribution Date pursuant to clause (3) under “—Interest Rate Swap Agreement” above (such shortfall in Current Interest and Carryforward Interest to be allocated among such classes in proportion to the amount of Current Interest and Carryforward Interest that would have otherwise been distributable thereon), to the extent unpaid;

(2) to the Offered Subordinate Certificates, in accordance with the Subordinate Priority, Current Interest and any Carryforward Interest for each such class and such Distribution Date, to the extent unpaid;

(3) to the Offered Certificates, any amount necessary to maintain the applicable target amounts for such Distribution Date specified in clauses (1) or (2) under “—Credit Enhancement—Application of Monthly Excess Cashflow” above for such Distribution Date, for application pursuant to the priorities set forth in such clauses;

(4) to the Offered Subordinate Certificates, in accordance with the Subordinate Priority, any Deferred Amount for each such class and such Distribution Date to the extent unpaid;

(5) to the Senior Certificates, any Basis Risk Shortfalls and Unpaid Basis Risk Shortfalls for each such class and for such Distribution Date, for application pursuant to the priorities set forth in clause (4)(a) under “—Credit Enhancement—Application of Monthly Excess Cashflow” above, to the extent unpaid;

(6) to the Offered Subordinate Certificates, any Basis Risk Shortfalls and Unpaid Basis Risk Shortfalls for each such class and for such Distribution Date, for application pursuant to the priorities set forth in clause (4)(b) under “—Credit Enhancement—Application of Monthly Excess Cashflow” above, to the extent unpaid;

(7) for application to the purchase of a replacement interest rate cap agreement (if necessary); and

(8) to the Class X Certificates, any remaining Interest Rate Cap Amount.

With respect to each Distribution Date, the sum of all amounts distributed pursuant to clauses (3) and (4) above will not exceed cumulative Realized Losses incurred as reduced by amounts previously distributed pursuant to clauses (3) and (4) above together with amounts previously distributed pursuant to clauses (5) and (6) as described under “—Interest Rate Swap Agreement” above.

Optional Purchase of the Mortgage Loans

On the Initial Optional Termination Date, the Master Servicer, with the prior written consent of the NIMS Insurer and the Seller (which consent will not be unreasonably withheld), will have the option to purchase the Mortgage Loans, any REO Property and any other property remaining in the Trust Fund for a price equal to the Purchase Price. The Master Servicer, the Trustee, the Servicer and the Custodian will be reimbursed from the Purchase Price for (i) any outstanding Advances, servicing advances and unpaid Servicing Fees, as applicable, and (ii) any other amounts due under the Trust Agreement, the Servicing Agreement or the Custodial Agreement, as applicable. If the Master Servicer fails to exercise such option, the NIMS Insurer will have the right to cause the Master Servicer to exercise such option, pursuant to an agreement between the Master Servicer and the NIMS Insurer and pursuant to the terms of the Trust Agreement, so long as it is insuring the NIM Securities or is owed any amounts in connection with such guaranty of the NIM Securities. If such option is exercised, the Trust Fund will be terminated. If the Master Servicer fails to exercise such option (either voluntarily or at the direction of the NIMS Insurer) on the Initial Optional Termination Date, the margin of each class of Offered Certificates will be increased as described under “Summary of Terms—The Certificates—Payments on the Certificates—Interest Payments” herein.

The Trust Agreement will provide that if there are NIM Securities outstanding on the date on which the Master Servicer intends to exercise its option to purchase the assets of the Trust Fund, the Master Servicer may only exercise its option with the prior written consent of 100% of the holders of the NIM Securities and upon payment of an additional amount which will retire any amounts of principal and/or interest due to the holders of the NIM Securities.

Fees and Expenses of the Trust Fund

In consideration of their duties on behalf of the Trust Fund, the Servicer, the Master Servicer, the Trustee and the Credit Risk Manager will receive from the assets of the Trust Fund certain fees as set forth in the following table:

<u>Fee Payable to:</u>	<u>Frequency of Payment:</u>	<u>Amount of Fee:</u>	<u>How and When Fee Is Payable:</u>
Servicer	monthly	For each Mortgage Loan, (i) a monthly fee paid to the Servicer out of interest collections received from the related Mortgage Loan calculated as the product of (a) the Scheduled Principal Balance of each Mortgage Loan and	Withdrawn from the Servicing Account in respect of each Mortgage Loan serviced by the Servicer, before payment of any amounts to

<u>Fee Payable to:</u>	<u>Frequency of Payment:</u>	<u>Amount of Fee:</u>	<u>How and When Fee Is Payable:</u>
		(b) 0.50% per annum and (ii) all investment earnings on amounts on deposit in the Servicing Account.	Certificateholders.
Master Servicer	monthly	All investment earnings on amounts on deposit in the Collection Account.	Retained by the Master Servicer.
Trustee	monthly	All investment earnings on amounts on deposit in the Certificate Account after payment of certain fees and expenses of the Custodian.	Retained by the Trustee.
Credit Risk Manager	monthly	0.008% per annum on the Scheduled Principal Balance of each Mortgage Loan.	Payable after payments of interest have been made to Certificateholders.

The Servicing Fees set forth in the table above may not be increased without amendment of the Servicing Agreement as described under “Mortgage Loan Servicing—Amendment of the Servicing Agreement” below. None of the other fees set forth in the table above may be changed without amendment of the Trust Agreement as described under “The Trust Agreement—Certain Matters Under the Trust Agreement—Amendment of the Trust Agreement” below.

Fees to the Cap Counterparty in consideration of the Cap Counterparty’s entering into the Interest Rate Cap Agreement will be paid by the Seller on or prior to the Closing Date and will not be payable from the assets of the Trust Fund.

Expenses of the Servicer, the Custodian and the Master Servicer will be reimbursed before payments are made on the Certificates. Expenses of the Trustee will be reimbursed up to \$200,000 annually before payments of interest and principal are made on the Certificates; any additional unpaid expenses above \$200,000 in any anniversary year will be paid to the Trustee to the extent of any remaining Interest Remittance Amount after all payments of Current Interest and any Carryforward Interest on the Certificates and payment of the Credit Risk Manager’s Fee. Expenses incurred by the Trustee in connection with any transfer of servicing, as set forth in further detail in the Trust Agreement, will not be subject to such \$200,000 annual limitation.

Description of the Mortgage Pools

General

Except where otherwise specifically indicated, the discussion that follows and the statistical information presented therein are derived solely from the characteristics of the Mortgage Loans as of the Cut-off Date. Whenever reference is made herein to the characteristics of the Mortgage Loans or to a percentage of some or all of the Mortgage Loans included in the Trust Fund or in a Mortgage Pool, unless otherwise specified, that characteristic or percentage has been calculated on the total Scheduled Principal Balance of the Mortgage Loans included in the Mortgage Pools described in Annex B to this private placement memorandum.

The Trust Fund will primarily consist of approximately 4,089 conventional, first lien, adjustable and fixed rate, fully amortizing and balloon, residential Mortgage Loans, all of which have original terms

to maturity from the first due date of the Scheduled Payment of not more than thirty years and have a Cut-off Date Balance (after giving effect to Scheduled Payments due on such date) of approximately \$911,486,558.

All of the Mortgage Loans were acquired by the Bank from Mortgage Lenders Network USA, Inc. and subsequently assigned by the Bank to the Seller. Underwriting guidelines of the type described under “Origination of the Mortgage Loans and Underwriting Guidelines” were applied by the Originator underwriting the Mortgage Loans. Because, in general, such underwriting guidelines are not as strict as Fannie Mae or Freddie Mac guidelines, the Mortgage Loans are likely to experience higher rates of delinquency, foreclosure and bankruptcy than if they had been underwritten to a higher standard. The Mortgage Loans will be acquired by the Depositor from the Seller and the Depositor will, in turn, convey such Mortgage Loans to the Trust Fund. See “The Trust Agreement—Assignment of Mortgage Loans.”

Approximately 853 (or 17.39%) of the Mortgage Loans are Fixed Rate Mortgage Loans and approximately 3,236 (or 82.61%) of the Mortgage Loans are Adjustable Rate Mortgage Loans, as described in more detail under “—Adjustable Rate Mortgage Loans” below. Interest on the Mortgage Loans accrues on the basis of a 360-day year consisting of twelve thirty-day months.

All of the Mortgage Loans are First Lien Mortgage Loans or deeds of trust or similar security instruments on Mortgaged Properties consisting of residential properties including one- to four-family dwelling units, individual units in planned unit developments and individual condominium units.

Pursuant to its terms, each Mortgage Loan, other than a loan secured by a condominium unit, is required to be covered by a standard hazard insurance policy in an amount generally equal to the lower of the unpaid principal amount thereof or the replacement value of the improvements on the Mortgaged Property. Generally, a cooperative housing corporation or a condominium association is responsible for maintaining hazard insurance covering the entire building.

Approximately 1,324 (or 33.45%) of the Mortgage Loans are 80+ LTV Loans. None of the 80+ LTV Loans are covered by existing borrower-paid primary mortgage insurance policies.

Approximately 37.46% of the Adjustable Rate Mortgage Loans and approximately 66.96% of the Fixed Rate Mortgage Loans are fully amortizing. However, approximately 62.54% of the Adjustable Rate Mortgage Loans and approximately 33.04% of the Fixed Rate Mortgage Loans are Balloon Loans which will have original terms to maturity that are shorter than their amortization schedules, leaving final payments due on their maturity dates that are significantly larger than other monthly payments. Approximately 0.08% of the Mortgage Loans have original terms to maturity of fifteen years and principal amortization periods of thirty years. The ability of a borrower to repay a Balloon Loan at maturity frequently will depend on the borrower’s ability to refinance the loan. Any loss on a Balloon Loan as a result of the borrower’s inability to refinance the loan will be borne by Certificateholders, to the extent that losses exceed the applicable credit enhancement described herein. Approximately 57.29% and 0.04% of the Mortgage Loans have original terms to maturity of thirty years and principal amortization periods of forty years and fifty years, respectively. These longer amortization periods of forty years will result in a slower rate of scheduled payment of principal on the related Mortgage Loans and may therefore result in a slower amortization of the Class Principal Amounts of the Offered Certificates.

Approximately 4.42% and 8.57% of the Mortgage Loans in Pool 1 and Pool 2, respectively, are Interest-Only Mortgage Loans that provide for payment of interest at the related Mortgage Rate, but no payment of principal, for a period of five, seven or ten years following the origination of the related Mortgage Loan. Following the applicable interest-only period, the monthly payment with respect to the Interest-Only Mortgage Loans will be increased to an amount sufficient to amortize the principal balance of the Interest-Only Mortgage Loan over its remaining term, and to pay interest at the related Mortgage Rate.

Approximately 68.51% of the Mortgage Loans provide for a Prepayment Premium in connection with certain voluntary, full or partial prepayments made within the Prepayment Premium Period, as described herein. The Prepayment Premium Periods range from one year to three years after origination. The amount of the applicable Prepayment Premium, to the extent permitted under applicable state law, is as provided in the related mortgage note. For approximately 68.57% of the Mortgage Loans with Prepayment Premiums, this amount is equal to 5% of the current unpaid principal balance of the Mortgage Loans; for approximately 1.54% of the Mortgage Loans with Prepayment Premiums, this amount is equal to 3% of the current unpaid principal balance of the Mortgage Loans, for approximately 7.29% of the Mortgage Loans with Prepayment Premiums, this amount is equal to 2% of the current unpaid principal balance of the Mortgage Loans, for approximately 3.33% of the Mortgage Loans with Prepayment Premiums, this amount is equal to 1% of the current unpaid principal balance of the Mortgage Loans and for approximately 17.47% of the Mortgage Loans with Prepayment Premiums, this amount is equal to six month's interest on any amounts prepaid in excess of 20% of the original principal balance during any twelve-month period during the applicable Prepayment Premium Period. Prepayment Premiums will not be part of available funds applied to pay interest or principal on the Offered Certificates, but rather will be distributed to the holders of the Class P Certificates. The Servicer may waive (or permit a subservicer to waive) a Prepayment Premium without the consent of the Trustee and the NIMS Insurer (and without reimbursing the Trust Fund from its own funds for any foregone Prepayment Premium) only if (i) the prepayment is not the result of a refinancing by the Servicer or its affiliates and such waiver relates to a default or a reasonably foreseeable default and, in the reasonable judgment of the Servicer, such waiver would maximize recovery of total proceeds from the Mortgage Loan, taking into account the value of the Prepayment Premium and the related Mortgage Loan or (ii) such waiver relates to a Prepayment Premium the collection of which would, in the reasonable judgment of the Servicer, be in violation of law. The Servicer will be obligated to deposit with the Master Servicer from their own funds the amount of any Prepayment Premium to the extent not collected from a borrower (except with respect to a waiver of any such Prepayment Premium as described above).

As of the Cut-off Date, all of the Mortgage Loans were less than 30 days delinquent in payment. The delinquency status of a mortgage loan is determined as of the due date in the following month in accordance with the OTS method, so that, for example, if a borrower failed to make a monthly payment due on January 1 by January 31, that mortgage loan would be considered less than 30 days delinquent in payment. If a borrower failed to make a monthly payment due on December 1 by January 31, that mortgage loan would then be considered to be at least 30 but less than 60 days delinquent in payment. Certain historical delinquency information is provided in Annex B to this private placement memorandum.

As of the Cut-off Date, none of the Mortgage Loans in the Trust Fund will be "high cost" loans under applicable federal, state or local anti-predatory or anti-abusive lending laws.

As earlier described under "Description of the Certificates—General," the Mortgage Loans in the Trust Fund have been divided into two Mortgage Pools (Pool 1 and Pool 2) for the purpose of allocating interest and principal distributions among the Senior Certificates. Pool 1 will consist only of Mortgage Loans with original principal balances which do not exceed the applicable Freddie Mac maximum original loan amount limitations for one- to four-family Mortgaged Properties. Pool 2 will consist of

Mortgage Loans with original principal balances which may be less than, equal to or in excess of the Fannie Mae or Freddie Mac maximum original loan amount limitations for one- to four-family Mortgaged Properties. On the Closing Date:

- Pool 1 will consist of approximately (i) 524 Fixed Rate Mortgage Loans having an aggregate Cut-off Date Balance of approximately \$88,015,337 and (ii) 1,927 Adjustable Rate Mortgage Loans having an aggregate Cut-off Date Balance of approximately \$360,750,402; and
- Pool 2 will consist of approximately (i) 329 Fixed Rate Mortgage Loans having an aggregate Cut-off Date Balance of approximately \$70,485,062 and (ii) 1,309 Adjustable Rate Mortgage Loans having an aggregate Cut-off Date Balance of approximately \$392,235,756.

Other important statistical characteristics of each Mortgage Pool are described in Annex B to this private placement memorandum.

Adjustable Rate Mortgage Loans

All of the Adjustable Rate Mortgage Loans are Six-Month LIBOR Mortgage Loans. There will be corresponding adjustments to the monthly payment amount for each Adjustable Rate Mortgage Loan on the related Adjustment Date; *provided* that the first such adjustment for approximately 78.09% of the Adjustable Rate Mortgage Loans will occur after an initial period of approximately two years following origination; in the case of approximately 20.89% of the Adjustable Rate Mortgage Loans, approximately three years following origination; and in the case of approximately 1.02% of the Adjustable Rate Mortgage Loans, approximately five years following origination.

On each Adjustment Date for an Adjustable Rate Mortgage Loan, the Mortgage Rate will be adjusted to equal the sum, rounded generally to the nearest multiple of 1/8%, of the Index and the Gross Margin, provided that the Mortgage Rate on each such Adjustable Rate Mortgage Loan will not increase or decrease by more than the related Periodic Cap on any related Adjustment Date and will not exceed the related Maximum Rate or be less than the related Minimum Rate. The Mortgage Rate generally will not increase or decrease on the first Adjustment Date by more than the Initial Cap; the Initial Cap for all of the Adjustable Rate Mortgage Loans is 3.000%. Effective with the first monthly payment due on each Adjustable Rate Mortgage Loan after each related Adjustment Date, the monthly payment amount will be adjusted to an amount that will amortize fully the outstanding principal balance of the related Mortgage Loan over its remaining term, and pay interest at the Mortgage Rate as so adjusted. Due to the application of the Initial Cap, Periodic Cap and Maximum Rate, the Mortgage Rate on each such Adjustable Rate Mortgage Loan, as adjusted on any related Adjustment Date, may be less than the sum of the Index and the related Gross Margin, rounded as described herein. See “—The Index” below.

The Adjustable Rate Mortgage Loans do not permit the related borrower to convert the adjustable Mortgage Rate to a fixed Mortgage Rate.

The Index

As indicated above, the Index applicable to the determination of the Mortgage Rates for all of the Adjustable Rate Mortgage Loans will be an index based on Six-Month LIBOR as most recently available either as of (1) the first business day a specified period of time prior to such Adjustment Date or (2) the first business day of the month preceding the month of such Adjustment Date. In the event that the Index becomes unavailable or otherwise unpublished, the Master Servicer will select a comparable alternative index over which it has no direct control and which is readily verifiable.

Pool 1 Mortgage Loans

The Pool 1 Mortgage Loans are expected to have the approximate characteristics as of the Cut-off Date as set forth in Annex B to this private placement memorandum. The sum of the amounts of the aggregate Scheduled Principal Balances and the percentages in the tables in Annex B may not equal the totals due to rounding.

Prior to the issuance of the Certificates, Mortgage Loans may be removed from Pool 1 as a result of incomplete documentation or otherwise, if the Depositor deems such removal necessary or appropriate.

No more than approximately 0.44% of the Pool 1 Mortgage Loans will be secured by Mortgaged Properties located in any one zip code area.

Pool 2 Mortgage Loans

The Pool 2 Mortgage Loans are expected to have the approximate characteristics as of the Cut-off Date as set forth in Annex B to this private placement memorandum. The sum of the amounts of the aggregate Scheduled Principal Balances and the percentages in the tables in Annex B may not equal the totals due to rounding.

Prior to the issuance of the Certificates, Mortgage Loans may be removed from Pool 2 as a result of incomplete documentation or otherwise, if the Depositor deems such removal necessary or appropriate.

No more than approximately 0.53% of the Pool 2 Mortgage Loans will be secured by Mortgaged Properties located in any one zip code area.

Affiliations and Relationships

The Depositor, the Sponsor, the Underwriter, Lehman Pass-Through Securities Inc., the Bank and Aurora, are all affiliates of each other and have the following ownership structure:

- The Depositor, Structured Asset Securities Corporation, is a wholly-owned, direct subsidiary of Lehman Commercial Paper Inc., which is a wholly-owned, direct subsidiary of Lehman Brothers Inc., which is a wholly-owned, direct subsidiary of the Sponsor, Lehman Brothers Holdings Inc.
- The initial purchaser of the Offered Certificates, Lehman Brothers Inc., is a wholly-owned, direct subsidiary of the Sponsor.
- Lehman Pass-Through Securities Inc., which will purchase the Class P and Class X Certificates from the Depositor, is a wholly-owned, direct subsidiary of Lehman Commercial Paper Inc., which is a wholly-owned, direct subsidiary of Lehman Brothers Inc., which is a wholly-owned, direct subsidiary of the Sponsor.
- Aurora, which acts as the Master Servicer, is a wholly-owned, direct subsidiary of the Bank, which is a wholly-owned, direct subsidiary of Lehman Brothers Bancorp Inc., which is a wholly-owned, direct subsidiary of the Sponsor.

Immediately before the sale of the Mortgage Loans to the Trustee, certain of the Mortgage Loans were subject to financing provided by the Seller or its affiliates. A portion of the proceeds from the sale of the Certificates will be used to repay the financing.

Lehman Brothers Inc. has entered into an agreement with the Depositor to purchase the Offered Certificates and the Class LT-R and Class R Certificates and Lehman Pass-Through Securities Inc. has entered into an agreement with the Depositor to purchase the Class P and Class X Certificates, each simultaneously with the purchase of the Offered Certificates, subject to certain conditions.

Additional Information

The description in this private placement memorandum of the Mortgage Pools and the Mortgaged Properties is based upon each Mortgage Pool as constituted at the close of business on the Cut-off Date, as adjusted for Scheduled Payments due on or before that date.

Pursuant to the Trust Agreement, the Trustee will prepare a monthly statement to Certificateholders containing certain information described under “The Trust Agreement—Reports to Certificateholders.” Such monthly statement will be based solely upon information provided by the Servicer and the Master Servicer, with respect to information regarding the Swap Agreement, the Swap Counterparty, and with respect to information regarding the Interest Rate Cap Agreement, the Cap Counterparty. The Trustee will not be required to confirm, verify or recomputed any such information. The Trustee will make available each month, to any interested party, the monthly statement to Certificateholders via the Internet at the Trustee’s website, but only with the use of a password provided by the Trustee. In connection with providing access to the Trustee’s Internet website, the Trustee may require registration and the acceptance of a disclaimer. The Trustee’s website will be located at *www.ctslink.com* and assistance in using the website can be obtained by calling the Trustee’s customer service desk at (301) 815-6600. Parties that are unable to use the above distribution option are entitled to have a paper copy mailed to them via first class mail by notifying the Trustee at Wells Fargo Bank, N.A., P.O. Box 98, Columbia, Maryland 21046, Attention: Client Service Manager, SASCO 2007-MLN1. The Trustee will have the right to change the way such reports are distributed in order to make such distributions more convenient and/or more accessible, and the Trustee will provide timely and adequate notification to such parties regarding any such changes.

Any Rule 144A Information requested by prospective transferees of the Offered Certificates will be made available either through the Trustee’s website, the Credit Risk Manager’s website, or if not available therefrom, upon request to the Depositor.

The Sponsor

General

Lehman Brothers Holdings Inc., a Delaware corporation, together with its subsidiaries and affiliates, are collectively referred to in this section “The Sponsor” as “LBH.” Its executive offices are located at 745 Seventh Avenue, New York, New York 10019, U.S.A.

LBH, an innovator in global finance, serves the financial needs of corporations, governments and municipalities, institutional clients and individuals worldwide. LBH provides a full array of equities and fixed income sales, trading and research, investment banking services and investment management and advisory services. Its global headquarters in New York and regional headquarters in London and Tokyo are complemented by offices in additional locations in North America, Europe, the Middle East, Latin America and the Asia Pacific region. LBH, through predecessor entities, was founded in 1850.

LBH is a global market-maker in all major equity and fixed income products. To facilitate its market-making activities, LBH is a member of all principal securities and commodities exchanges in the United States, as well as NASD, Inc., and it holds memberships or associate memberships on several

principal international securities and commodities exchanges, including the London, Tokyo, Hong Kong, Frankfurt, Paris, Milan and Australian stock exchanges.

LBH operates in three business segments (each of which is described below): Investment Banking, Capital Markets and Investment Management.

Investment Banking. The Investment Banking business segment is made up of Advisory Services and Global Finance activities that serve LBH's corporate and government clients. The segment is organized into global industry groups—Communications, Consumer/Retailing, Financial Institutions, Financial Sponsors, Healthcare, Industrial, Media, Natural Resources, Power, Real Estate and Technology—that include bankers who deliver industry knowledge and expertise to meet clients' objectives. Specialized product groups within Advisory Services include mergers and acquisitions and restructuring. Global Finance includes underwriting, private placements, leveraged finance and other activities associated with debt and equity products. Product groups are partnered with relationship managers in the global industry groups to provide comprehensive financial solutions for clients.

Capital Markets. The Capital Markets business segment includes institutional customer-flow activities, prime brokerage, research, and secondary-trading and financing activities in fixed income and equity products. These products include a wide range of cash, derivative, secured financing and structured instruments and investments. LBH is a leading global market-maker in numerous equity and fixed income products including U.S., European and Asian equities, government and agency securities, money market products, corporate high grade, high yield and emerging market securities, mortgage- and asset-backed securities, preferred stock, municipal securities, bank loans, foreign exchange, financing and derivative products. LBH is one of the largest investment banks in terms of U.S. and pan-European listed equities trading volume, and LBH maintains a major presence in over-the-counter U.S. stocks, major Asian large capitalization stocks, warrants, convertible debentures and preferred issues. In addition, the secured financing business manages LBH's equity and fixed income matched book activities, supplies secured financing to institutional clients and customers, and provides secured funding for LBH's inventory of equity and fixed income products. The Capital Markets segment also includes proprietary activities as well as investing in real estate and private equity.

Mortgage- and Asset-Backed Securities. LBH is a leading underwriter of and market-maker in residential and commercial mortgage-and asset-backed securities and is active in all areas of secured lending, structured finance and securitized products. LBH underwrites and makes markets in the full range of U.S. agency-backed mortgage products, mortgage-backed securities, asset-backed securities and whole loan products. It is also a leader in the global market for residential and commercial mortgages (including multi-family financing) and leases. LBH originates commercial and residential mortgage loans through the Bank, and other subsidiaries in the U.S., Europe and Asia. The Bank offers traditional and online mortgage and banking services nationally to individuals as well as institutions and their customers. The Bank is a major part of LBH's institutional mortgage business, providing an origination pipeline for mortgages and mortgage-backed securities.

Investment Management. The Investment Management business segment consists of LBH's global Private Investment Management and Asset Management businesses.

Private Investment Management. Private Investment Management provides comprehensive investment, wealth advisory and capital markets execution services to high-net-worth individuals and businesses, leveraging all the resources of LBH.

Asset Management. Asset Management provides proprietary asset management products across traditional and alternative asset classes, through a variety of distribution channels, to individuals and

institutions. It includes both the Neuberger Berman and Lehman Brothers Asset Management brands as well as LBH's private equity business.

Securitization Activities of the Sponsor

LBH, together with its affiliates, is a market leader in mortgage- and asset-backed securitizations and other structured financing arrangements. LBH has been engaged in the securitization of assets since 1987. In connection with these activities, LBH uses special purpose entities, such as the Depositor, primarily for (but not limited to) the securitization of commercial and residential mortgages, home equity loans, government and corporate bonds, and lease and trade receivables.

During fiscal years 2004 and 2003, LBH and its affiliates securitized approximately \$139.4 billion and \$146.1 billion of financial assets, including \$120.5 billion and \$125.7 billion of residential mortgages, \$8.3 billion and \$9.7 billion of commercial mortgages and \$10.6 billion and \$10.7 billion of municipal and other-asset-backed financial instruments, respectively.

LBH and its affiliates, including Aurora and the Bank, originate residential and commercial loans as an extension of LBH's securitization activities. In this regard LBH and its affiliates originated approximately \$65.1 billion of residential mortgage loans in 2004. In addition, LBH acquires mortgage loans both directly and through its affiliates, including Aurora and the Bank, from various third party originators through wholesale and retail channels. These mortgage loans may have been originated using underwriting guidelines not established by LBH or any of its affiliates. Through its affiliates, LBH also services and master services mortgage loans.

In the normal course of its securitization program, LBH acquires mortgage loans and other mortgage assets from third party originators and through its affiliates. Employees of LBH or its affiliates structure securitization transactions in which the mortgage assets are sold to the Depositor. In return for the mortgage assets which LBH sells to the Depositor, the Depositor issues securities supported by the cash flows generated by the mortgage assets and secured by the mortgage assets. As described under "The Trust Agreement—Representations and Warranties" in this private placement memorandum, LBH will make certain representations and warranties to the Depositor regarding the mortgage assets and may have an obligation to repurchase such mortgage assets from the Depositor (or directly from the Trustee) for any breaches of those representations and warranties.

At November 30, 2004 and 2003, LBH and its affiliates had approximately \$0.9 and \$1.0 billion, respectively, of non-investment grade retained interests from its securitization activities (primarily junior security interests in securitizations).

The Depositor

The Depositor, Structured Asset Securities Corporation, was incorporated in the State of Delaware on January 2, 1987. The principal office of the Depositor is located at 745 Seventh Avenue, New York, New York 10019. Its telephone number is (212) 526-7000.

The Depositor is a wholly-owned, direct subsidiary of Lehman Commercial Paper Inc. Lehman Commercial Paper Inc. is a wholly-owned, direct subsidiary of Lehman Brothers Inc., which is a wholly-owned, direct subsidiary of Lehman Brothers Holdings Inc.

The Depositor has been engaged in the securitization of mortgage loans and other mortgage assets since its incorporation in 1987. The Depositor is generally engaged in the business of serving as depositor of one or more trusts that may authorize, issue, sell and deliver bonds or other evidences of indebtedness

or certificates of interest that are secured by a pledge or other assignment of, or represent an interest in, mortgage loans and other mortgage assets. The Depositor is also generally engaged in the business of acquiring, owning, holding, transferring, assigning, pledging and otherwise dealing with mortgage assets. The Depositor acquires mortgage assets from the Sponsor or from other sellers of mortgage assets, in each case in privately negotiated transactions.

The Certificate of Incorporation of the Depositor provides that the Depositor may not conduct any activities other than those related to the issue and sale of one or more series and to serve as depositor of one or more trusts that may issue and sell bonds or securities.

After the issuance of the Certificates, the Depositor will be required to perform certain actions on a continual basis, including but not limited to:

- upon the discovery of the breach of any representation or warranty made by the Depositor in respect of a Mortgage Loan that materially and adversely affects the value of that Mortgage Loan, to repurchase the Mortgage Loan from the Trustee, or deliver a Qualified Substitute Mortgage Loan as described under “The Trust Agreement—Representations and Warranties” below;
- to make all initial filings establishing or creating a security interest over the Mortgage Loans and make all filings necessary to maintain the effectiveness of any original filings necessary under the relevant state commercial codes to perfect the Trustee’s security interest in the Mortgage Loans and all proceeds thereof;
- to arrange for a replacement Swap Agreement in the event the Swap Agreement is terminated early;
- to arrange for a replacement Interest Rate Cap Agreement in the event the Interest Rate Cap Agreement is terminated early;
- to appoint a successor trustee in the event the Trustee resigns, is removed or becomes ineligible to continue serving in such capacity under the Trust Agreement;
- to notify the Rating Agencies and any other relevant parties of the occurrence of any event of default or other event specified in the Trust Agreement or the Sale and Assignment Agreement; and
- to provide the Trustee and the Master Servicer with any information it may reasonably require to comply with the terms of the Trust Agreement and the Sale and Assignment Agreement.

Generally, however, it is expected that the above functions will be performed by the Depositor’s agents or one or more of the Trustee and the Master Servicer in accordance with the related agreements.

Origination of the Mortgage Loans and Underwriting Guidelines

General

All of the Mortgage Loans were originated in accordance with the Mortgage Lenders Network Underwriting Guidelines. The following is a general summary of the Mortgage Lenders Network Underwriting Guidelines believed by the Depositor to be generally applied, with some variation, by

MLN. The following description of the Mortgage Lenders Network Underwriting Guidelines is based on MLN's published guidelines and disclosure from previous securitizations of MLN loans. None of the officers, directors or employees of MLN were available to review and approve the following disclosure of the Mortgage Lenders Network Underwriting Guidelines. As a result, the following does not purport to be a complete or accurate description of the underwriting standards of MLN.

On February 5, 2007, MLN filed for bankruptcy protection under Chapter 11 of the US Bankruptcy Code identifying more than 7,000 creditors and listed assets and debts of more than \$100 million each in its Chapter 11 filing. For more information regarding MLN and the bankruptcy proceeding, please see "Risk Factors—Risks relating to Bankruptcy of Mortgage Lenders Network USA Inc."

Mortgage Lenders Network Underwriting Guidelines.

The Mortgage Lenders Network Underwriting Guidelines were generally intended to evaluate the credit risk of mortgage loans made to borrowers with imperfect credit histories, ranging from minor delinquencies to bankruptcy, or borrowers with relatively high ratios of monthly mortgage payments to income or relatively high ratios of total monthly credit payments to income. In addition, such guidelines also evaluated the value and adequacy of the Mortgaged Property as collateral. On a case by case basis, MLN may have determined that, based upon compensating factors, a prospective mortgagor not strictly qualifying under the applicable underwriting guidelines warrants an underwriting exception. Compensating factors may have included, but were not necessarily limited to, relatively low debt-to-income ratio, good credit history, stable employment, financial reserves, and time in residence at the applicant's current address. A significant number of the Mortgage Loans may represent such underwriting exceptions.

Under the Mortgage Lenders Network Underwriting Guidelines, MLN reviewed and verified the loan applicant's sources of income (except under the Stated Income Documentation Program described below), calculated the amount of income from all such sources indicated on the loan application or similar documentation, reviewed the credit history of the applicant and calculated the debt-to-income ratio to determine the applicant's ability to repay the loan, and reviewed the Mortgaged Property for compliance with the Mortgage Lenders Network Underwriting Guidelines. The Mortgage Lenders Network Underwriting Guidelines were applied in accordance with a procedure that generally requires (i) an appraisal of the Mortgaged Property that conforms to Fannie Mae and Freddie Mac standards to be completed no later than 90 days prior to the related loan closing and (ii) a review of such appraisal. The Mortgage Lenders Network Underwriting Guidelines generally permit loans with loan-to-value ratios at origination of up to 90% (or, with respect to certain Mortgage Loans, up to 100%) for the highest credit grading category, depending on the creditworthiness of the mortgagor and, in some cases, the type and use of the property and the debt-to-income ratio. Under the Mortgage Lenders Network Underwriting Guidelines, the maximum combined loan-to-value ratio for purchase money mortgage loans may differ from those applicable to refinancings.

Approximately 75.12% of the Mortgage Loans were originated on the basis of loan application packages submitted through mortgage brokerage companies and approximately 24.88% of the Mortgage Loans were originated at MLN's retail branches. Loan application packages submitted through mortgage brokerage companies, containing in each case relevant credit, property and underwriting information on the loan request, were compiled by the applicable mortgage brokerage company and submitted to MLN for approval and funding. The mortgage brokerage companies received all or a portion of the loan origination fee charged to the mortgagor at the time the loan was made.

Each prospective borrower completed an application that includes information with respect to the applicant's liabilities, income and employment history, as well as certain other personal information. MLN generally required credit reports on each applicant from three different credit reporting companies. The reports typically contain information relating to such matters as credit history with local and national merchants and lenders, installment debt payments and (to the extent reported) any record of payment defaults, bankruptcy, repossession, suits or judgments.

Mortgaged Properties that secure mortgage loans were generally appraised by qualified independent appraisers. Generally, each appraisal included 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. Independent appraisals were generally reviewed by MLN before the loan was funded.

The Mortgage Lenders Network Underwriting Guidelines were less stringent than the standards generally acceptable to Fannie Mae and Freddie Mac. Mortgagors who qualified under the Mortgage Lenders Network Underwriting Guidelines generally have payment histories and debt ratios that would not satisfy Fannie Mae and Freddie Mac underwriting guidelines and may have a record of major derogatory credit items such as outstanding judgments or prior bankruptcies. The Mortgage Lenders Network Underwriting Guidelines established the maximum permitted loan-to-value ratio for each loan type based upon these and other risk factors. Because such Mortgage Lenders Network Underwriting Guidelines do not conform to Fannie Mae or Freddie Mac guidelines, the Mortgage Loans are likely to experience higher rates of delinquency, foreclosure and bankruptcy than if they had been underwritten to a higher standard. See "Risk Factors—Risks Related to Higher Expected Delinquencies of the Mortgage Loans" herein.

All of the Mortgage Loans were originated consistent with and generally conform to "Full Documentation," "Lite Documentation," or "Stated Income Documentation" residential loan programs. Under each of such programs, MLN generally reviewed the applicant's source of income, calculated the amount of income from sources indicated on the loan application or similar documentation, reviewed the credit history of the applicant, calculated the debt-to-income ratio to determine the applicant's ability to repay the loan, and reviewed the type and use of the property being financed. The Mortgage Lenders Network Underwriting Guidelines required that mortgage loans be underwritten according to a standardized procedure that complies with applicable federal and state laws and regulations and required MLN's underwriters to be satisfied that the value of the property being financed, as indicated by an appraisal and a review of the appraisal, supported the outstanding loan balance.

Under the Full Documentation program, applicants generally were required to submit (i) the applicant's most recent years' Form W-2 or Form 1099, as applicable, (ii) proof of current receipt of income or a written verification from the applicant's employer reflecting year-to-date earnings, (iii) written verification of the applicant's employment with applicant's current employer for at least 90 days and (iv) written verification that the applicant has been employed in the same line of work for a minimum of 12 months. Under the Lite Documentation program, applicants generally were required to submit six consecutive monthly bank statements and MLN would generally obtain verbal verification of applicant's employment. Under the Stated Income Documentation program, generally an applicant was qualified based upon monthly income as stated on the mortgage loan application if the applicant meets certain criteria. Verification of the source of funds (if any) required to be deposited by the applicant into escrow in the case of a purchase money loan was generally required under the Full Documentation program guidelines.

Under the Mortgage Lenders Network Underwriting Guidelines, various risk categories were used to grade the likelihood that the mortgagor will satisfy the repayment conditions of the mortgage

loan. These categories established the maximum permitted loan-to-value ratio and loan amount, given the occupancy status of the mortgaged property and the mortgagor's credit history and debt ratio. In general, higher credit risk mortgage loans were graded in categories that permit higher debt ratios and more (or more recent) major derogatory credit items such as outstanding judgments or prior bankruptcies; however, the Mortgage Lenders Network Underwriting Guidelines generally established lower maximum loan-to-value ratios and maximum loan amounts for loans graded in such categories.

A substantial portion of the Mortgage Loans were classified by MLN in relatively low (i.e., relatively higher risk) credit categories. The incidence of delinquency, default and bankruptcy with respect to such Mortgage Loans is expected to be greater than if such Mortgage Loans had been classified in relatively higher categories.

The Master Servicer

General

Aurora Loan Services LLC is a Master Servicer of Mortgage Loans in the Trust Fund. Aurora was incorporated in Delaware on May 15, 1997 and was converted to a limited liability company on January 1, 2005. Aurora is a wholly owned subsidiary of the Bank. Aurora's executive offices are located at 10350 Park Meadows Drive, Littleton, Colorado 80124.

Master Servicing

Aurora's centralized real estate master servicing facility is located at 327 Inverness Drive South, Englewood, Colorado 80112. Aurora has been engaged in the business of master servicing residential mortgage loans since 1998. Aurora has been master servicing subprime residential mortgage loans since 2002.

The Sponsor and its affiliates, including Aurora and the Bank, have implemented certain information barrier policies to ensure that the Sponsor and its affiliates provide notice of the discovery of actual breaches of loan-level representations and warranties to the master servicer only at such time as it has been determined that the facts and circumstances relating to such breach are such as would constitute a breach under the related trust agreement, but not prior thereto. These policies include restrictions on the flow of such information within and among the Sponsor's and its affiliates' mortgage loan origination businesses and its servicing and master servicing businesses. Accordingly, the related trust agreement will provide that Aurora, acting in its capacity as master servicer, will not be deemed to have knowledge of the breach of any loan-level representation or warranty until such time as the information flow policy permits or requires disclosure to the master servicer of the facts and circumstances relating to such breach.

The following tables set forth certain information regarding Aurora's total public securitization master servicing portfolio.

Type of Loan	At December 31, 2003		At December 31, 2004	
	Number of Loans	Principal Balance (in millions)	Number of Loans	Principal Balance (in millions)
Alt-A.....	77,580	\$24,884	143,624	\$42,469
Subprime.....	180,123	\$24,229	277,640	\$36,449
Government Insured or Guaranteed ⁽¹⁾	225,941	\$18,855	206,509	\$16,751
Home Equity Lines of Credit.....	0	\$0.00	3,666	\$167
Total Portfolio.....	483,644	\$67,968	631,439	\$95,836

Type of Loan	At December 31, 2005		At December 31, 2006	
	Number of Loans	Principal Balance (in millions)	Number of Loans	Principal Balance (in millions)
Alt-A.....	246,903	\$72,992	324,838	\$101,548
Subprime.....	418,984	\$58,092	479,174	\$66,158
Government Insured or Guaranteed ⁽¹⁾	171,602	\$13,198	143,326	\$10,889
Home Equity Lines of Credit.....	1,967	\$76	1,268	\$41
Total Portfolio.....	839,456	\$144,358	948,606	\$178,637

(1) 'Government insured or guaranteed' means mortgage loans that were originated under the guidelines of the Federal Housing Administration, the Department of Veterans' Affairs or the Rural Housing and Community Development Service.

As Master Servicer, Aurora will monitor the performance of the Servicer in accordance with the provisions of the Servicing Agreement and the Trust Agreement. Aurora will not be ultimately responsible for the servicing of the Mortgage Loans except where, through the exercise of its master servicing obligations, it becomes a successor servicer.

Aurora's master servicing monitoring procedures include verifying servicer remittances of principal and interest payments on mortgage loans and performing on-site and desk reviews of servicers. To the extent that a servicer makes a remittance of principal or interest that is different than the amount expected on a servicer remittance date, Aurora investigates the discrepancy and seeks to reconcile and clear any loan level discrepancies with such servicer. During the time that Aurora is investigating a discrepancy, Aurora, when required pursuant to the related Agreement, advances the difference between the amount received from a servicer and the amount expected to be received by Aurora.

When mortgage loans are ninety days or more delinquent, Aurora examines the activities of the servicers of the delinquent mortgage loans to determine whether such servicers are in compliance with the terms of their respective servicing agreements. Aurora's analysis includes a review of each servicer's duties with respect to bankruptcy, foreclosure and real estate owned property matters, as applicable. If Aurora discovers that servicers are not in compliance with the terms of their servicing agreements, Aurora works with these servicers and seeks to resolve any inappropriate practices. Except with respect to subprime mortgage loans, as part of its master servicing procedures, Aurora monitors loan level losses reported by the servicers upon the liquidation of a defaulted mortgage loan.

The Servicer

General

On the Closing Date, Countrywide Home Loans Servicing LP will service all of the Mortgage Loans.

Countrywide Home Loans Servicing LP

The information in the following paragraphs has been provided by Countrywide Home Loans Servicing LP.

General

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 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.

A. Countrywide Home Loans

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 private placement memorandum 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 December 31, 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 \$1,298.394 billion, respectively, substantially all of which were being serviced for unaffiliated persons. As of December 31, 2005, and December 31, 2006, Countrywide Home Loans provided servicing for subprime first and second lien mortgage loans (excluding mortgage loans being subserviced by Countrywide Home Loans) with an aggregate principal balance of approximately \$121.734 billion and \$124.537 billion, respectively.

B. 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.

C. Collection Procedures

Subprime Mortgage Loans. When a borrower fails to make a payment on a subprime 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 for subprime loans, Countrywide Servicing 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 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 Home Loans. 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 subprime 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.

Administration of the Trust Fund

Servicing and Administration Responsibilities

The Servicer, the Master Servicer, the Trustee, the Custodian and the Credit Risk Manager will have the following responsibilities with respect to the Trust Fund:

Party:

Responsibilities:

Servicer

Performing the servicing functions with respect to the Mortgage Loans and the Mortgaged Properties in accordance with the provisions of the Servicing Agreement, including, but not limited to:

- collecting monthly remittances of principal and interest on the Mortgage Loans from the related borrowers, depositing such amounts in the Servicing Account, and delivering all amounts on deposit in the

Party:

Responsibilities:

Servicing Account to the Master Servicer for deposit in the Collection Account on the Servicer Remittance Date;

- collecting amounts in respect of taxes and insurance from the related borrowers, depositing such amounts in the related escrow account, and paying such amounts to the related taxing authorities and insurance providers, as applicable;
- making Advances with respect to delinquent payments of principal and interest on the Mortgage Loans (other than Balloon Payments);
- paying, as servicing advances, customary costs and expenses incurred in the performance by the Servicer of its servicing obligations, including, but not limited to, the cost of (a) the preservation, restoration and protection of the Mortgaged Property, (b) taxes, assessments and other charges which are or may become a lien upon the Mortgaged Property or (c) fire and hazard insurance coverage to the extent not paid by the borrower;
- providing monthly loan-level reports to the Master Servicer;
- maintaining certain insurance policies relating to the Mortgage Loans; and
- initiating foreclosure proceedings.

See “The Servicer” above and “Mortgage Loan Servicing” below.

Master Servicer

Performing the master servicing functions in accordance with the provisions of the Trust Agreement and the Servicing Agreement, including but not limited to:

- monitoring the Servicer’s performance and enforcing the Servicer’s obligations under the Servicing Agreement;
- collecting monthly remittances from the Servicer for deposit into the Collection Account on the Servicer Remittance Date and delivering all amounts on deposit in the Collection Account to the Trustee for deposit into the Certificate Account on the Master Servicer Remittance Date;
- gathering the monthly loan-level reports delivered by the Servicer and providing a comprehensive loan-level report to the Trustee with respect to the Mortgage Loans;
- upon the termination of the Servicer, appointing a successor servicer, and until a successor servicer is appointed, acting as successor servicer; and
- upon the failure of the Servicer to make Advances with respect to a Mortgage Loan, making those Advances to the extent provided in the Trust Agreement.

See “The Master Servicer” above and “Mortgage Loan Servicing” below.

Trustee

Performing the trustee functions in accordance with the provisions of the

Party:

Responsibilities:

Trust Agreement, including but not limited to:

- receiving monthly remittances from the Master Servicer for deposit in the Certificate Account and, based solely on the information contained in the investor reports, distributing all amounts on deposit in (a) the Certificate Account and (b) the Interest Rate Swap Account in accordance with the priorities described under “Descriptions of the Certificates—Distributions of Interest,” “—Distributions of Principal” and “—Credit Enhancement—Application of Monthly Excess Cashflow” on each Distribution Date, or the Business Day prior to such Distribution Date, as applicable;
- depositing any Net Swap Payments or Swap Termination Payments received from the Swap Counterparty into the Interest Rate Swap Account;
- distributing amounts on deposit in the Interest Rate Swap Account to the Certificateholders and the Swap Counterparty, based solely on the information contained in the investor reports, in accordance with the priorities described under “Description of the Certificates—Supplemental Interest Trust—Application of Deposits and Payments Received by the Supplemental Interest Trust—Interest Rate Swap Agreement” on each Distribution Date or the Business Day prior to such Distribution Date, as applicable;
- depositing any Interest Rate Cap Amount received from the Cap Counterparty into the Interest Rate Cap Account;
- distributing amounts on deposit in the Interest Rate Cap Account to the Certificateholders, based solely on the information contained in the investor reports, in accordance with the priorities described under “Description of the Certificates—Supplemental Interest Trust—Application of Deposits and Payments Received by the Supplemental Interest Trust—Interest Rate Cap Agreement” on each Distribution Date or the Business Day prior to such Distribution Date, as applicable;
- preparing and making available the monthly distribution date statement to Certificateholders based on information received from the Master Servicer, the Swap Counterparty and the Cap Counterparty;
- preparing and filing annual federal and (if required) state tax returns on behalf of the Trust Fund;
- preparing and distributing annual investor reports summarizing aggregate distributions to Certificateholders necessary to enable Certificateholders to prepare their tax returns;
- paying certain fees and expenses of the Custodian;

Party:

Responsibilities:

- enforcing the obligations of the Master Servicer under the Trust Agreement; and
- until a successor master servicer is appointed, acting as successor master servicer in the event the Master Servicer resigns or is removed by the Trustee, as provided in the Trust Agreement.

See “The Trust Agreement—The Trustee,” “—Certain Matters Under the Trust Agreement—Duties of the Trustee” and “—Reports to Certificateholders” below.

Custodian

Performing the custodial functions in accordance with the provisions of the Custodial Agreement, including but not limited to:

- holding and maintaining the Mortgage Loan documents related to the Mortgage Loans in a fire-resistant facility intended for the safekeeping of mortgage loan files on behalf of the Trustee.

See “Mortgage Loan Servicing—Custody of the Mortgage Files” below.

Credit Risk Manager

The Credit Risk Manager will not be responsible for performing any servicing or administrative functions with respect to the Mortgage Loans, but rather will perform certain advisory functions with respect to the Mortgage Loans in accordance with the provisions of the Trust Agreement and under credit risk management agreements with the Servicer, including but not limited to:

- monitoring and/or making recommendations to the Master Servicer regarding certain delinquent and defaulted Mortgage Loans; and
- providing on a monthly basis certain reports to the Trust Fund, including, but not limited to, a loan-level loss and mitigation analysis and a prepayment premium analysis.

See “Mortgage Loan Servicing—The Credit Risk Manager” below.

Trust Accounts

All amounts in respect of principal and interest received from the borrowers or other recoveries in respect of the Mortgage Loans will, at all times before distribution thereof to the Certificateholders or the Swap Counterparty, be deposited in the Trust Accounts, which are accounts established in the name of the Trustee. Funds on deposit in the Trust Accounts may generally be invested by the party responsible for such Trust Account in Eligible Investments or remain uninvested, in accordance with the terms of the Trust Agreement. The Trust Accounts will be established by the applicable parties listed below, and any investment income earned on each Trust Account will be as retained or distributed as follows:

Trust Account:

Responsible Party:

Application of any Investment Earnings:

Servicing Account

Servicer

Any investment earnings will be retained by the Servicer and will not be available for distribution to Certificateholders.

Collection Account	Master Servicer	Any investment earnings will be paid as compensation to the Master Servicer, and will not be available for distributions to Certificateholders.
Certificate Account	Trustee	Any investment earnings will be paid as compensation to the Trustee other than certain custodian fees and expenses and will not be available for distribution to Certificateholders.
Basis Risk Reserve Fund	Trustee	Any investment earnings will remain in the Basis Risk Reserve Fund and be available for distribution to Certificateholders as described in clause (4) under “Description of the Certificates—Credit Enhancement—Application of Monthly Excess Cashflow.”
Interest Rate Swap Account	Trustee	Any investment earnings will remain in the Interest Rate Swap Account and will be paid to the Swap Counterparty and the Certificateholders as described under “Description of the Certificates—Supplemental Interest Trust—Application of Deposits and Payments Received by the Supplemental Interest Trust—Interest Rate Swap Agreement.”
Interest Rate Cap Account	Trustee	Any investment earnings will remain in the Interest Rate Cap Account and will be paid to the Certificateholders as described under “Description of the Certificates—Supplemental Interest Trust—Application of Deposits and Payments Received by the Supplemental Interest Trust—Interest Rate Cap Agreement.”

If funds deposited in any Trust Accounts are invested by the responsible party identified in the table above, the amount of any losses incurred in respect of any such investments will be deposited in the related Trust Account by such responsible party out of its own funds (other than with respect to the Basis Risk Reserve Fund, the Interest Rate Swap Account and the Interest Rate Cap Account, for which LBH will be responsible for any such losses), without any right of reimbursement therefor.

Example of Distributions

The following sets forth an example of collection of payments from borrowers on the Mortgage Loans, transfer of amounts among the Trust Accounts and distributions on the Certificates for the Distribution Date in April 2007:

March 2 through April 1.....	Collection Period:	Payments due during the related Collection Period (March 2 through April 1) from borrowers will be deposited in the Servicer's Servicing Account as received and will include scheduled principal payments due during the related Collection Period and interest accrued on the ending scheduled balance from the prior Collection Period.
March 1 through March 31	Prepayment Period for partial prepayments received from the Mortgage Loans:	Partial principal prepayments received by the Servicer will be deposited into the Servicer's Servicing Account for remittance to the Master Servicer on the Servicer Remittance Date.
March 16 through April 15.....	Prepayment Period for prepayments in full received from the Mortgage Loans:	Principal prepayments in full received during the related Prepayment Period from the Mortgage Loans will be deposited into the Servicer's Servicing Account for remittance to the Master Servicer on the Servicer Remittance Date.
April 18.....	Servicer Remittance Date:	The Servicer will remit collections and recoveries in respect of the Mortgage Loans to the Master Servicer for deposit into the Collection Account on or prior to the 18th day of each month (or if the 18th day is not a Business Day, the next succeeding Business Day), as specified in the Servicing Agreement.
April 23.....	Master Servicer Remittance Date:	Two Business Days immediately before the Distribution Date, the Master Servicer will remit to the Trustee amounts on deposit in the Collection Account for deposit in the Certificate Account, including any Advances made by the Servicer or the Master Servicer for that Distribution Date.
April 24.....	Record Date:	Distributions will be made to Certificateholders of record for all classes as of the close of business on the Business Day immediately before the related Distribution Date.

April 24	Any payment received from or payable to the Swap Counterparty under the Swap Agreement:	One Business Day immediately before the related Distribution Date, the Swap Counterparty will pay to the Trustee for deposit into the Interest Rate Swap Account, any Net Swap Payments or Swap Termination Payments required to be paid by the Swap Counterparty under the Swap Agreement, or the Trustee will pay to the Swap Counterparty any Net Swap Payments or Swap Termination Payments required to be paid by the Trustee under the Swap Agreement, as applicable.
April 24	Any payment received from the Cap Counterparty under the Interest Rate Cap Agreement:	One Business Day immediately before the related Distribution Date (beginning on the Distribution Date on April 2008), the Cap Counterparty will pay to the Trustee for deposit into the Interest Rate Cap Account, any Interest Rate Cap Amount required to be paid by the Cap Counterparty under the Interest Rate Cap Agreement.
April 25	Distribution Date:	On the 25th day of each month (or if the 25th day is not a Business Day, the next Business Day), the Trustee will make distributions to Certificateholders from amounts on deposit in the Certificate Account, the Interest Rate Swap Account and the Interest Rate Cap Account.

Succeeding months follow the same pattern.

Mortgage Loan Servicing

General

The Servicer will have primary responsibility for servicing the Mortgage Loans as described under “Administration of the Trust Fund—Servicing and Administration Responsibilities” above. Each of the Trustee, the Master Servicer and the NIMS Insurer is either a party or a third party beneficiary under the Servicing Agreement and can enforce the rights of the Seller thereunder. Under a separate credit risk management agreement between the Credit Risk Manager and the Servicer, the Credit Risk Manager will provide certain monitoring and advisory services with respect to delinquent Mortgage Loans. See “—The Credit Risk Manager” below.

Under the Servicing Agreement, the Master Servicer has the authority to terminate the Servicer for certain events of default which indicate that either the Servicer is not performing, or is unable to perform, its duties and obligations under the Servicing Agreement. If the Master Servicer terminates the Servicer, the Master Servicer will be required to appoint a successor servicer as provided in the Trust Agreement. The Master Servicer will not be ultimately responsible for the performance of the servicing activities by the Servicer, except as described under “—Advances” below.

In addition, under the Servicing Agreement, the Seller generally has the right to terminate the Servicer, without cause, upon sixty days' notice, subject to certain conditions set forth in the Servicing Agreement, including payment of unreimbursed or unpaid Advances, servicing advances, Servicing Fees and applicable expenses of the Servicer in connection with the transfer of the Mortgage Loans to a successor servicer, and generally, payment of a termination fee which will be payable by the Seller from its own funds and not reimbursable from the Trust Fund. Any such termination without cause requires the consent of the Master Servicer, the Trustee and the NIMS Insurer and receipt of confirmation from the Rating Agencies that the transfer of servicing will not result in a qualification, withdrawal or downgrade of the then current ratings of any of the Certificates.

Any successor servicer must be qualified to service mortgage loans for Freddie Mac or Fannie Mae and must have a net worth of not less than \$25,000,000.

Servicing Account and Collection Account

The Servicer will establish and maintain a segregated Servicing Account in the name of the Trustee into which the Servicer will deposit payments on account of interest and principal for the Mortgage Loans, less its Servicing Fee. Under the Servicing Agreement, the Servicing Account will be an account maintained with (1) a depository institution or trust company whose commercial paper, short-term debt obligations, or other short-term deposits are rated at least "A-1+" by S&P, if rated by such Rating Agency, or long-term unsecured debt obligations are rated at least "AA-" by S&P, if rated by such Rating Agency, if the amounts on deposit are to be held in the account for no more than 365 days or whose commercial paper, short-term debt obligations, demand deposits, or other short-term deposits are rated at least "A-2" by S&P, if the amounts on deposit are to be held in the account for no more than 30 days and are not intended to be used as credit enhancement, (2) the corporate trust department of a depository institution subject to regulations regarding fiduciary funds on deposit similar to Title 12 of the U.S. Code of Federal Regulation which has corporate trust powers and is acting in its fiduciary capacity; or (3) the Bank.

On the related Servicer Remittance Date, the Servicer will remit the amounts on deposit in its Servicing Account to the Master Servicer for deposit into the Collection Account, which is maintained by the Master Servicer. The Servicer and the Master Servicer are entitled to reimburse themselves from the Servicing Account or Collection Account, as applicable, for any Advances made and expenses incurred, as described below under "—Servicing Compensation and Payment of Expenses" and "—Advances." The Servicing Account and the Collection Account will consist solely of amounts relating to the Mortgage Loans, and amounts on deposit therein will not be commingled with any other funds not related to the Trust Fund.

See also "Administration of the Trust Fund—Trust Accounts" in this private placement memorandum.

Servicing Compensation and Payment of Expenses

As compensation for master servicing, the Master Servicer is entitled to the compensation described under "Fees and Expenses of the Trust Fund."

The Servicer will be paid the Servicing Fee for each Mortgage Loan serviced by it and any successor to the Servicer will in all cases receive a fee in an amount not greater than the Servicing Fee. As additional servicing compensation, the Servicer is entitled to retain (i) all servicing related fees, including assumption fees, modification fees, ancillary servicing fees, extension fees, non-sufficient fund fees and late payment charges (other than Prepayment Premiums) to the extent collected from the borrower,

(ii) any interest or other income earned on funds held in the Servicing Account and escrow accounts and other similar items described under the Servicing Agreement and (iii) any Prepayment Interest Excess to the extent not offset by Prepayment Interest Shortfalls.

The Servicing Fees are subject to reduction as described below under “Prepayment Interest Shortfalls.” The Master Servicer and the Servicer will be entitled to reimbursement for certain expenses prior to distribution of any amounts to Certificateholders.

Waiver or Modification of Mortgage Loan Terms

The Servicer may waive, modify or vary any term of any Mortgage Loan or consent to the postponement of strict compliance with any term of any Mortgage Loan so long as that waiver, modification or postponement is not materially adverse to the Trust Fund; *provided, however*, that unless the Servicer has received the prior written consent of the Master Servicer (and in certain cases, the NIMS Insurer), the Servicer may not permit any modification for any Mortgage Loan that would change the Mortgage Rate, defer or forgive the payment of principal or interest, reduce or increase the outstanding Scheduled Principal Balance (except for actual payments of principal) or change the final maturity date on that Mortgage Loan. In the event of any such modification that permits the deferral of interest or principal payments on any Mortgage Loan, the Servicer must make an Advance. However, the Servicer may not make or permit any modification, waiver or amendment of any term of any Mortgage Loan that would cause any REMIC created under the Trust Agreement to fail to qualify as a REMIC or result in the imposition of any tax.

Prepayment Interest Shortfalls

When a borrower prepays a Mortgage Loan in full or in part between Scheduled Payment dates, the borrower pays interest on the amount prepaid only from the last Scheduled Payment date to the date of prepayment, with a resulting reduction in interest payable for the month during which the prepayment is made. Any Prepayment Interest Shortfall is generally required to be paid by the Servicer, but only to the extent that such amount is not offset by Prepayment Interest Excess, if any, and does not exceed the total of the Servicing Fees on the Mortgage Loans serviced by it for the applicable Distribution Date. The Master Servicer is not required to fund any Prepayment Interest Shortfall required to be funded but not funded by the Servicer or a successor servicer as discussed herein.

Advances

The Servicer will generally be obligated to make Advances and servicing advances to the extent that such Advances, in its judgment, are reasonably recoverable from future payments and collections, insurance payments or proceeds of liquidation of the related Mortgage Loan. The Master Servicer will be obligated to make any required Advance if the Servicer fails in its obligation to do so, to the extent provided in the Trust Agreement. The Master Servicer and the Servicer, as applicable, will be entitled to recover any Advances and servicing advances made by it with respect to a Mortgage Loan out of late payments thereon or out of related liquidation and insurance proceeds or, if those amounts are insufficient or if the Servicer believes such Advances or servicing advances will not be recoverable from the related Mortgage Loan, from collections on other Mortgage Loans. Such reimbursements may result in Realized Losses.

The purpose of making these Advances is to maintain a regular cash flow to the Certificateholders, rather than to guarantee or insure against losses. No party will be required to make any Advances with respect to reductions in the amount of the monthly payments on Mortgage Loans due to reductions made by a bankruptcy court in the amount of a Scheduled Payment owed by a borrower or a

Relief Act Reduction. No party which makes an Advance is entitled to interest on those Advances. No party will be required to make any Advances with respect to any payment on a Balloon Loan at maturity.

Collection of Taxes, Assessments and Similar Items

The Master Servicer and the Servicer will, to the extent required by the related loan documents, maintain escrow accounts for the collection of hazard insurance premiums and real estate taxes with respect to the Mortgage Loans, and will make servicing advances with respect to delinquencies in required escrow payments by the related borrowers to the extent necessary to avoid the loss of a Mortgaged Property due to a tax sale or the foreclosure thereof as a result of a tax lien.

Insurance Coverage

The Master Servicer and the Servicer are required to obtain and thereafter maintain in effect a bond, corporate guaranty or similar form of insurance coverage (which may provide blanket coverage), or any combination thereof, insuring against loss occasioned by the errors and omissions of their respective officers and employees.

Evidence as to Compliance

The Servicing Agreement will provide that following the end of each calendar year, the Servicer will provide to the Depositor, the Sponsor, the Trustee and the Master Servicer a report on an assessment of compliance with specified servicing criteria. In addition, the Servicing Agreement will provide that any permitted subservicer or subcontractor of the Servicer that is participating in the servicing function relating to the Mortgage Loans will also provide a report on an assessment of compliance with specified servicing criteria.

Each party that is required to deliver a report on assessment of servicing compliance will also deliver an attestation report from a firm of independent public accountants on the related assessment of compliance. The specified servicing criteria include specific criteria relating to the following areas: general servicing considerations, cash collection and administration, investor remittances and reporting and pool asset administration. Each report is required to indicate that the specified servicing criteria were used to test compliance of the relevant party on a platform level basis and will set out any material instances of noncompliance.

The Servicing Agreement will also provide for delivery to the Depositor, the Seller, the Trustee and the Master Servicer, following the end of each calendar year, of a separate annual statement of compliance from the Servicer to the effect that, to the best knowledge of the Servicer, the Servicer has fulfilled in all material respects its obligations under the Servicing Agreement throughout the preceding year or, if there has been a material failure in the fulfillment of any obligation, the statement will specify each failure and the nature and status of that failure.

Master Servicer Default; Servicer Default

If the Master Servicer is in default in its obligations under the Trust Agreement, the Trustee may, and must if directed to do so by the NIMS Insurer or by Certificateholders having more than 50% of the Voting Rights applicable to each class of Certificates affected thereby, terminate the Master Servicer. In such event, the Trustee, pursuant to the terms of the Trust Agreement, will either assume the duties of Master Servicer or will appoint a successor master servicer in accordance with the standards set forth in the Trust Agreement.

If the Servicer is in default in its obligations under the Servicing Agreement, the Master Servicer may, at its option, terminate the defaulting Servicer and either appoint a successor servicer in accordance with the Servicing Agreement and the Trust Agreement, or succeed to the responsibilities of the terminated Servicer.

Amendment of the Servicing Agreement

The Servicing Agreement may generally be amended, without notice to or consent of the Certificateholders, with the written consent of the Master Servicer, the Seller, the Servicer, the NIMS Insurer and, generally, the Trustee; *provided* that (1) except for an amendment in connection with a servicing transfer or transfer of any servicing rights, the amendment will not be materially inconsistent with the provisions of the Servicing Agreement and (2) the party requesting such amendment must, at its own expense, provide the Trustee, the Master Servicer, the NIMS Insurer and the Seller with an opinion of independent counsel that the amendment will not materially adversely affect the interest of the Certificateholders or holders of the NIM Securities. Any amendment pursuant to the preceding sentence will be deemed not to adversely affect in any material respect the interests of any Certificateholder if the Trustee receives written confirmation from each Rating Agency that the amendment will not cause such Rating Agency to reduce its then current ratings assigned to the Certificates.

Custody of the Mortgage Files

The Servicer will generally not have responsibility for custody of the Mortgage Loan documents described under “The Trust Agreement—Assignment of Mortgage Loans” below. These documents are generally required to be delivered to the Custodian. The Custodian will hold the related Mortgage Loan documents on behalf of the Trustee pursuant to the Custodial Agreement between the Custodian and the Trustee. The Mortgage Loan documents related to a Mortgage Loan will be held together in an individual file separate from other mortgage loan files held by the Custodian. The Custodian will maintain the Mortgage Loan documents in a fire-resistant facility intended for the safekeeping of mortgage loan files. The Trustee will pay the fees of the Custodian; however, if the Trustee does not pay the fees of the Custodian, the Custodian may be repaid its fees by the Trustee from the Trust Fund.

The Credit Risk Manager

Clayton Fixed Income Services Inc., a Colorado corporation, will monitor the Servicer regarding certain delinquent and defaulted Mortgage Loans, and will provide, on a monthly basis, certain reports to the Trust Fund, including, but not limited to, a loan-level loss and mitigation analysis and a prepayment premium analysis. These reports will be available to Certificateholders upon request. The Credit Risk Manager will rely on mortgage loan data that is provided to it by the Servicer and/or the Master Servicer in performing its advisory, monitoring and reporting functions.

The Credit Risk Manager will be entitled to receive the Credit Risk Manager’s Fee until the termination of the Trust Fund or until its removal by a vote of at least 66 2/3% of the Certificateholders. The Credit Risk Manager’s Fee will be paid by the Trust Fund and will be calculated at the Credit Risk Manager’s Fee Rate on the Scheduled Principal Balance of each Mortgage Loan.

Optional Purchase of Defaulted Mortgage Loans

The Master Servicer will have the right, but not the obligation, to purchase any Mortgage Loan that is 120 or more days delinquent in payment, provided that the Master Servicer must exercise this purchase option with respect to any particular Mortgage Loan within 60 days after the loan becomes 120 days delinquent. The purchase price, which will be equal to the unpaid principal balance of the Mortgage

Loan plus accrued interest thereon to the date of purchase and any unreimbursed servicing advances allocable to such Mortgage Loan, will be deposited by the Master Servicer into the Collection Account.

The holder of the economic residual interest will generally be the majority holder of the Class X Certificates or, if the Class X Certificates have been resecuritized in a NIMS Transaction, the majority holder of the residual interest in the issuer of the NIM Securities.

In addition, subject to certain limitations set forth in the Servicing Agreement, the NIMS Insurer will have the right, but not the obligation, to purchase for its own account any Distressed Mortgage Loan for a purchase price equal to the unpaid principal balance of such Mortgage Loan, plus accrued interest thereon to the date of repurchase, plus any unreimbursed servicing advances allocable to the Distressed Mortgage Loan. The NIMS Insurer is prohibited from using any procedure in selecting Distressed Mortgage Loans to be repurchased which would be materially adverse to Certificateholders. Any such repurchase will be accomplished by remittance to the Master Servicer of the purchase price for the Distressed Mortgage Loan for deposit into the Collection Account.

Special Servicer for Distressed Mortgage Loans

The Seller, with the consent of the Trustee, the Master Servicer and the NIMS Insurer, has the option under the Servicing Agreement to transfer any Mortgage Loan which becomes a Distressed Mortgage Loan for servicing by a special servicer selected by the Seller. Any special servicing fee paid to a special servicer will not exceed the Servicing Fee. The NIMS Insurer, in lieu of providing its consent, may purchase any Distressed Mortgage Loan precluding a transfer of a Distressed Mortgage Loan to a special servicer, as described above.

Actions by the Sponsor and its Affiliates

The Sponsor and Aurora, as the Master Servicer, have certain rights and obligations described in this private placement memorandum with respect to the sale and servicing of the Mortgage Loans which include, in the case of the Sponsor, loan-level representations and warranties, and in the case of the Master Servicer, the right to purchase loans that are 120 days or more delinquent. These parties have, or may have in the future, similar rights and obligations in connection with a substantial number of other mortgage loan securitization trusts formed at the direction of the Sponsor. The Sponsor and its affiliates may from time to time have economic interests in the performance of the Mortgage Loans included in the Trust Fund or in other securitization trusts that may include a residual interest, other classes of certificates or interests in the form of derivatives. In addition, because the performance of pools of mortgage loans may vary due to differing credit quality or other pool characteristics, the servicing techniques employed and level of servicing attention required may be greater in respect of some loan pools than others. While both the Sponsor and the Master Servicer will fulfill their contractual obligations with respect to the Trust Fund, the Sponsor and the Master Servicer may in some cases and with respect to certain securitization trusts employ different levels of investigation and remedial action and devote more resources to such matters as loss mitigation and repurchase of defective mortgage loans than would be required by contract in order to protect the economic interests of the Sponsor and its affiliates, or to address particular performance issues related to the characteristics of one or more mortgage loan pools. There can be no assurance as to whether the Master Servicer will purchase any defaulted loans from the Trust Fund, or as to how many defaulted loans the Master Servicer may purchase, or as to the frequency or timing of any such purchases.

The Trust Agreement

General

The Certificates will be issued pursuant to the Trust Agreement. The NIMS Insurer will be a third party beneficiary to the Trust Agreement and as such will have certain rights under the Trust Agreement for so long as the NIM Securities are outstanding or the NIMS Insurer is owed any amounts in connection with its guaranty of the NIM Securities. Offered Certificates in certificated form will be transferable and exchangeable at the Corporate Trust Office of the Trustee, which will serve as certificate registrar and paying agent. The Trustee will provide to a prospective or actual Certificateholder, without charge, upon written request, an electronic copy (without exhibits) of the Trust Agreement. Requests should be addressed to Wells Fargo Bank, N.A., P.O. Box 98, Columbia, Maryland 21046 (or for overnight deliveries, 9062 Old Annapolis Road, Columbia, Maryland 21045), Attention: Client Service Manager, SASCO 2007-MLN1.

The Issuing Entity

On the Closing Date, and until the termination of the Trust Fund pursuant to the Trust Agreement, Structured Asset Securities Corporation Mortgage Loan Trust 2007-MLN1 will be a common law trust formed under the laws of the State of New York. The Issuing Entity will be created under the Trust Agreement by the Depositor and its assets will consist of the Trust Fund. On the Closing Date, the Sponsor will make an initial deposit of \$1,000 into the Basis Risk Reserve Fund on behalf of the Issuing Entity. The Issuing Entity will not have any liabilities as of the Closing Date, other than as provided in the Trust Agreement. The fiscal year end of the Issuing Entity will be December 31 of each year.

On the Closing Date, the Supplemental Interest Trust will be created under the Trust Agreement by the Depositor, and its assets will consist of the Swap Agreement, the Interest Rate Cap Agreement and such assets as from time to time deposited in the Interest Rate Swap Account or the Interest Rate Cap Account, as applicable. The Supplemental Interest Trust will be a common law trust formed under the laws of the State of New York. On the Closing Date, the Sponsor will make an initial deposit of \$1,000 into the Interest Rate Swap Account on behalf of the Supplemental Interest Trust. In addition, the Sponsor will make an initial deposit of \$1,000 into the Interest Rate Cap Account on behalf of the Supplemental Interest Trust. All assets of the Supplemental Interest Trust are payable under the Trust Agreement to the Trust Fund or the Swap Counterparty, as applicable. See “Description of the Certificates—Supplemental Interest Trust.”

The Issuing Entity will not have any employees, officers or directors. The Trustee, the Depositor, the Master Servicer, the Servicer, the Credit Risk Manager and the Custodian will act on behalf of the Issuing Entity, and may only perform those actions on behalf of the Issuing Entity that are specified in the Trust Agreement, the Sale and Assignment Agreement, the Servicing Agreement and the Custodial Agreement. See “The Master Servicer,” “The Servicer,” “Mortgage Loan Servicing” and “The Trust Agreement.”

The Trustee, on behalf of the Issuing Entity, is only permitted to take such actions as are specifically provided in the Trust Agreement. Under the Trust Agreement, the Trustee on behalf of the Issuing Entity will not have the power to issue additional certificates representing interests in the Trust Agreement, borrow money on behalf of the Trust Fund or make loans from the assets of the Trust Fund to any person or entity, without the amendment of the Trust Agreement by Certificateholders and the other parties thereto as described under “—Certain Matters Under the Trust Agreement—Amendment of the Trust Agreement.”

If the assets of the Trust Fund are insufficient to pay the Certificateholders all principal and interest owed, holders of some or all classes of Offered Certificates will not receive all of their expected payments of interest and principal and will suffer a loss. The risk of loss to holders of Offered Subordinate Certificates is greater than to holders of Senior Certificates. See “Risk Factors—Risks Related to Potential Inadequacy of Credit Enhancement and Other Support” in this private placement memorandum. The Issuing Entity, as a common law trust, is not eligible to be a debtor in a bankruptcy proceeding. In the event of a bankruptcy of the Sponsor, the Depositor or any Originator, it is not anticipated that the Trust Fund would become part of the bankruptcy estate or subject to the bankruptcy control of a third party.

The Trustee

General. The Trustee will be Wells Fargo Bank, N.A., a national banking association. The Trustee will perform the functions described under “—Certain Matters Under the Trust Agreement—Duties of the Trustee” below. As compensation for its services, the Trustee will be paid fee as set forth under “Fees and Expenses of the Trust Fund.”

Wells Fargo Bank, N.A. Wells Fargo Bank, N.A. (“Wells Fargo”) will act as Trustee, paying agent and certificate registrar under the Trust Agreement, as described under “Administration of the Trust Fund—Servicing and Administrative Responsibilities.” Wells Fargo is a national banking association and a wholly-owned subsidiary of Wells Fargo & Company. A diversified financial services company with approximately \$483 billion in assets, 23+ million customers and 167,000+ employees as of September 30, 2006, Wells Fargo & Company is a U.S. bank holding company, providing banking, insurance, trust, mortgage and consumer finance services throughout the United States and internationally. Wells Fargo provides retail and commercial banking services and corporate trust, custody, securities lending, securities transfer, cash management, investment management and other financial and fiduciary services. The Depositor, the Sponsor, the Servicer, the Trustee and other parties to this transaction may maintain banking and other commercial relationships with Wells Fargo and its affiliates. Wells Fargo maintains principal corporate trust offices located at 9062 Old Annapolis Road, Columbia, Maryland 21045-1951 (among other locations) and its office for certificate transfer services is located at Sixth Street and Marquette Avenue, Minneapolis, Minnesota 55479.

Wells Fargo has provided corporate trust services since 1934. As of December 31, 2006, Wells Fargo acts as a trustee for a variety of transactions and asset types, including corporate and municipal bonds, mortgage-backed and asset-backed securities and collateralized debt obligations. As of December 31, 2006, Wells Fargo was acting as trustee on approximately 1,346 series of residential mortgage-backed securities with an aggregate principal balance of approximately \$277,396,000,000.

Wells Fargo serves or may have served within the past two years as loan file custodian for various mortgage loans owned by the Sponsor or an affiliate of the Sponsor and anticipates that one or more of those mortgage loans may be included in the Trust. The terms of any custodial agreement under which those services are provided by Wells Fargo are customary for the mortgage-backed securitization industry and provide for the delivery, receipt, review and safekeeping of mortgage loan files.

Under the terms of the Trust Agreement, the Trustee also is responsible for securities administration, which includes pool performance calculations, distribution calculations and the preparation of monthly distribution reports. The Trustee is responsible for the preparation and filing of all REMIC tax returns on behalf of the REMICs. Wells Fargo Bank has been engaged in the business of securities administration since June 30, 1995. As of December 31, 2006, Wells Fargo Bank was acting as securities administrator with respect to more than \$1,006,418,000,000 of outstanding residential mortgage-backed securities.

Assignment of Mortgage Loans

The Mortgage Loans will be assigned by the Depositor to the Trustee, together with all principal and interest received with respect to such Mortgage Loans on and after the Cut-off Date (other than Scheduled Payments due on that date). The Trustee will, concurrently with such assignment, authenticate and deliver the Certificates. Each Mortgage Loan will be identified in a schedule appearing as an exhibit to the Trust Agreement which will specify with respect to each Mortgage Loan, among other things, the original principal balance and the Scheduled Principal Balance as of the close of business on the Cut-off Date, the Mortgage Rate, the Scheduled Payment, the maturity date, the Servicer and the Custodian of the mortgage file and the applicable Prepayment Premium provisions, if any.

U.S. Bank National Association will act as the Custodian on behalf of the Trustee, pursuant to the Custodial Agreement. As to each Mortgage Loan, the following documents are generally required to be delivered to the Custodian on behalf of the Trustee in accordance with the Trust Agreement: (1) the related original mortgage note endorsed without recourse to the Trustee or in blank, (2) the original mortgage with evidence of recording indicated thereon (or, if such original recorded mortgage has not yet been returned by the recording office, a copy thereof certified to be a true and complete copy of such mortgage sent for recording), (3) an original assignment of the mortgage to the Trustee or in blank in recordable form (except as described below), (4) the policies of title insurance issued with respect to each Mortgage Loan and (5) the originals of any assumption, modification, extension or guaranty agreements.

Each transfer of the Mortgage Loans from the Seller to the Depositor and from the Depositor to the Trustee will be intended to be a sale of the Mortgage Loans and will be reflected as such in the Sale and Assignment Agreement and the Trust Agreement, respectively. However, in the event of insolvency of either the Seller or the Depositor, a trustee in bankruptcy or a receiver or creditor of the insolvent party could attempt to recharacterize the sale of the Mortgage Loans by the insolvent party as a financing secured by a pledge of the Mortgage Loans. In the event that a court were to recharacterize the sale of the Mortgage Loans by either the Seller or the Depositor as a financing, each of the Depositor, as transferee of the Mortgage Loans from the Seller, and the Trustee will have a security interest in the Mortgage Loans transferred to it. The Trustee's security interest will be perfected by delivery of the mortgage notes to the Custodian on behalf of the Trustee.

Representations and Warranties

The Mortgage Loans were purchased pursuant to the Sale Agreement by the Bank directly from the Originator and were subsequently assigned by the Bank to the Seller.

Pursuant to the terms of the Sale and Assignment Agreement, the Seller will make to the Depositor, as of the Closing Date, certain representations and warranties concerning the Mortgage Loans that generally include representations and warranties to the following effect:

(1) *Mortgage Loan Schedule.* The information set forth in the mortgage loan schedule attached to the Sale Agreement is true and correct in all material respects;

(2) *No Outstanding Charges.* All taxes and government assessments, insurance premiums, water, sewer and municipal charges, leasehold payments or ground rents due and owing have either been paid, or to the extent not yet due and payable, escrowed;

(3) *Original Terms Unmodified.* The terms of the mortgage note and mortgage have not been impaired, waived, altered or modified in any respect, other than by a written instrument which has been recorded;

(4) *No Defenses.* The mortgage note and the mortgage are not subject to any right of rescission, set-off, counterclaim or defense (including the defense of usury) as to render such mortgage note or mortgage unenforceable;

(5) *No Satisfaction of Mortgage.* The mortgage has not been satisfied, canceled, subordinated, or rescinded, in whole or in part, and the mortgaged property has not been released from the lien of the mortgage, in whole or in part, nor has any instrument been executed that would effect any such satisfaction, release, cancellation, subordination or rescission;

(6) *Validity of Documents.* The mortgage note and any related mortgage and any other related agreement are genuine and each is the legal, valid and binding obligation of the related mortgagor, enforceable in accordance with its terms;

(7) *Compliance with Applicable Laws.* Any and all requirements of any federal, state or local law, including usury, truth-in-lending, consumer credit protection and privacy, equal credit opportunity, disclosure or predatory and abusive lending laws applicable to the origination and servicing of the Mortgage Loan have been complied with;

(8) *Valid Lien.* The related mortgage evidences a valid, subsisting, enforceable and perfected lien on the related mortgaged property, subject only to permissible title exceptions;

(9) *Ownership.* The Originator is the sole owner of record and holder of the Mortgage Loan and related mortgage and the mortgages are not assigned or pledged, and prior to the transfer by the Originator, the Originator had good and marketable title to the mortgage and related mortgage, had full right and authority to transfer and sell the Mortgage Loans, and transferred such Mortgage Loans free and clear of any encumbrance, equity, lien, pledge, participation interest, charge, claim or security interest of any nature;

(10) *Title Insurance.* Each Mortgage Loan (other than a cooperative loan) is covered by an American Land Title Association lender's title insurance policy or other generally acceptable form of insurance;

(11) *Transfer of Mortgage Loans.* The assignment of mortgage is in recordable form and acceptable for recording under the laws of the relevant applicable jurisdiction;

(12) *Mortgaged Property Undamaged.* The Mortgaged Property is undamaged by water, fire, earthquake or earth movement, windstorm, flood, tornado or other casualty so as to affect adversely the value of the Mortgaged Property as security for the related Mortgage Loan;

(13) *Collection Practices; Escrow Deposits.* The origination and collection practices used with respect to each mortgage note and mortgage have been in all material respects legal, proper and prudent, and all escrow amounts have been collected in compliance with state and federal law;

(14) *Insurance.* The mortgaged property securing a mortgage is insured by an insurer acceptable to Fannie Mae or Freddie Mac against loss by fire, hazards of extended coverage and such other hazards as are customary in the area where the mortgaged property is located or required by the applicable federal insurer;

(15) *Due-on-Sale Clauses.* The mortgage or mortgage note contains an enforceable provision, to the extent not prohibited by law, for the acceleration of the payment of the unpaid

principal balance of the related Mortgage Loan in the event that the Mortgaged Property is sold or transferred without the prior written consent of the mortgagee;

(16) *Prepayment Premiums.* For any Mortgage Loan that has a prepayment premium feature, each such prepayment premium shall be enforceable and permitted pursuant to federal, state and local law (except to the extent that the enforceability thereof may be limited by bankruptcy, insolvency, moratorium, receivership and other similar laws affecting creditor's rights generally or the collectibility thereof may be limited due to acceleration in connection with foreclosure); and

(17) *No Defaults.* There is no default, breach, violation or event of acceleration existing under the mortgage or the mortgage note and no 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, and neither the Originator nor any predecessor has waived any default, breach, violation or event of acceleration.

The Depositor's rights under the Sale and Assignment Agreement will be assigned by the Depositor to the Trustee for the benefit of holders of the Certificates pursuant to the Trust Agreement. In addition, the Seller will have represented to the Depositor, that (1) each Mortgage Loan at the time it was made complied in all material respects with applicable local, state and federal laws, including but not limited to all applicable anti-predatory and anti-abusive lending laws; (2) none of the Mortgage Loans constitute "high-cost" or "high-risk" loans under applicable anti-predatory and anti-abusive lending laws; (3) no proceeds from any Mortgage Loan were used to finance single premium credit insurance policies; and (4) no Mortgage Loan in Pool 1 imposes a prepayment premium for a term in excess of three years.

Within the period of time specified in the Trust Agreement following the discovery of a breach of any representation or warranty that materially and adversely affects the value of the Mortgage Loan, or receipt of notice of such breach, the Seller will be obligated to (1) cure such breach, (2) repurchase the affected Mortgage Loan from the Trust Fund for a price equal to the unpaid principal balance thereof plus accrued interest thereon plus any costs and damages incurred by the Trust Fund in connection with any violation of any anti-predatory or anti-abusive lending laws or (3) substitute a Qualifying Substitute Mortgage Loan; *provided, however*, that the substitution must be made within two years of the Closing Date.

Any Qualifying Substitute Mortgage Loan will have, on the date of substitution, the characteristics specified in the Sale and Assignment Agreement, generally including (1) an outstanding principal balance, after deduction of all Scheduled Payments due in the month of substitution, not in excess of the outstanding principal balance of the Deleted Loan (the amount of any shortfall to be deposited to the Distribution Account in the month of substitution for distribution to certificateholders), (2) an interest rate not less than (and not more than 2% greater than) the interest rate of the Deleted Loan, (3) a remaining term-to-stated maturity not greater than (and not more than two years less than) that of the Deleted Loan, and will comply with all of the representations and warranties set forth in the applicable Agreement as of the date of substitution.

To the extent that any Mortgage Loan as to which a representation or warranty has been breached is not repurchased or replaced by the Seller and a Realized Loss occurs with respect to that Mortgage Loan, holders of the Certificates, in particular the Offered Subordinate Certificates, may incur a loss.

Certain Matters Under the Trust Agreement

Duties of the Trustee. The Trustee will serve as paying agent and certificate registrar. The Trustee will be responsible under the Trust Agreement for preparing certain investor reports, including the monthly distribution date statement to Certificateholders, certain annual reports summarizing aggregate distributions on the Certificates, preparing and filing the Trust Fund's tax information returns and providing such tax forms and information within control of the Trustee to Certificateholders as required by the Code. The Trustee will prepare the distribution date statements, tax returns and required reports based solely on information provided to the Trustee by the Master Servicer, the Swap Counterparty and the Cap Counterparty, and will make payments to Certificateholders on each Distribution Date in accordance with the related distribution date statement. The Trustee will not be required to confirm, verify or recompute any information received from the Master Servicer, the Swap Counterparty and the Cap Counterparty, but will be entitled to rely conclusively on such information. The Trustee will make the distribution date statement available each month to Certificateholders.

The Trustee will be required to perform only those duties specifically required of it under the Trust Agreement unless an Event of Default has occurred, in which case the Trustee may take such additional actions as described below under “—Events of Default under the Trust Agreement.” Upon receipt of the various certificates, statements, reports or other instruments required to be furnished to it, the Trustee will be required to examine them to determine whether they are in the form required by the Trust Agreement; however, the Trustee will not be responsible for the accuracy or content of any documents furnished to the Trustee by the Master Servicer, the Swap Counterparty, the Cap Counterparty or any other party.

The Trustee will not have any liability arising out of or in connection with the Trust Agreement, except that the Trustee may be held liable for its own negligent action or failure to act, or for its own willful misconduct; provided, however, that the Trustee will not be personally liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of the Certificateholders in an Event of Default, and the Trustee will not be deemed to have notice of any Event of Default unless an officer of the Trustee has actual knowledge of the Event of Default or written notice of an Event of Default is received by the Trustee at its Corporate Trust Office. See “—Events of Default under the Trust Agreement” below. The Trustee is not required to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Trust Agreement, or in the exercise of any of its rights or powers, if it has reasonable grounds for believing that repayment of those funds or adequate indemnity against risk or liability is not reasonably assured to it.

The Trustee will have no duties under the Trust Agreement with respect to any claim or notice it may receive or which may be alleged to have been delivered to or served upon it by the parties as a consequence of the assignment of any Mortgage Loan under the Trust Agreement; however, the Trustee will remit to the Master Servicer any claim or notice it may receive which is delivered to the Corporate Trust Office and which contains information sufficient to permit the Trustee to make a determination that the real property to which such document relates is a Mortgaged Property. None of the provisions in the Trust Agreement will in any event require the Trustee to perform, or be responsible for the manner of performance of, any of the obligations of the Master Servicer other than with respect to its duties as successor master servicer. The Trustee will not be responsible for any act or omission of the Master Servicer, the Depositor or any other party.

The Trustee will not be responsible for (a) any recording or filing of any agreement or of any financing statement or continuation statement evidencing a security interest, or to see to the maintenance of any such recording or filing which may have been made, or the validity, priority, perfection or sufficiency of the security for the Certificates, (b) the payment of any insurance related to the Certificates

or the Mortgage Loans or (c) the payment or discharge of any tax, assessment, or other governmental charge or any lien or encumbrance of any kind owing with respect to, assessed or levied against, any part of the Trust Fund, other than from funds available in any Trust Account. The Trustee is not responsible for the validity of the Trust Agreement, the Swap Agreement, the Interest Rate Cap Agreement or the Certificates or the validity, priority, perfection or sufficiency of the security for the Certificates.

Events of Default Under the Trust Agreement. An Event of Default under the Trust Agreement will generally consist of:

- any failure by the Master Servicer to furnish to the Trustee the Mortgage Loan data sufficient to prepare the reports described under “—Reports to Certificateholders” below that continues unremedied for two Business Days after the giving of written notice of the failure to the Master Servicer by the Trustee, or to the Master Servicer and the Trustee by the holders of Certificates evidencing not less than 25% of the Class Principal Amount (or Percentage Interest) of each class of Certificates affected thereby;
- after receipt of notice from the Trustee or any NIMS Insurer, any failure of the Master Servicer to remit to the Trustee any payment required to be made to the Trustee for the benefit of Certificateholders under the Trust Agreement, including any Advance, on the date specified in the Trust Agreement, which failure continues unremedied for a period of one Business Day after the date upon which notice of such failure shall have been given to the Master Servicer by the Trustee or any NIMS Insurer;
- any failure by the Master Servicer duly to observe or perform in any material respect any other of its covenants or agreements in the Trust Agreement that continues unremedied for the number of days specified in the Trust Agreement, or if any representation or warranty of the Master Servicer will prove to be incorrect as of the time made in any respect that materially and adversely affects the interests of the Certificateholders, and the circumstance or condition in respect of which such representation or warranty was incorrect will not have been eliminated or cured within the number of days specified in the Trust Agreement, in either case after the giving of written notice of the failure to the Master Servicer by the Trustee, or to the Master Servicer and the Trustee by the holders of Certificates evidencing not less than 50% of the Class Principal Amount (or Percentage Interest) of each class of Certificates affected thereby;
- certain events in insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings and certain actions by the Master Servicer indicating its insolvency, reorganization or inability to pay its obligations, or any Rating Agency reducing or withdrawing or threatening to reduce or withdraw the rating of the Certificates because of the financial condition or loan servicing capability of the Master Servicer;
- a sale or pledge of any of the rights of the Master Servicer under the Trust Agreement or an assignment or a delegation of the rights or duties of the Master Servicer under the Trust Agreement will have occurred in any manner which is not permitted under the Trust Agreement and is without the prior written consent of the Trustee, any NIMS Insurer and Certificateholders evidencing not less than 50% of the Class Principal Amount (or Percentage Interest) of each class of Certificates affected thereby; or
- if the Master Servicer has notice or knows that the Servicer at any time is not either a Fannie Mae- or Freddie Mac-approved seller/servicer, and the Master Servicer has not terminated the rights and obligations of the Servicer under the Servicing Agreement and replaced the

Servicer with a Fannie Mae- or Freddie Mac-approved servicer within 60 days of the date the Master Servicer receives that notice or acquires such knowledge.

So long as an Event of Default remains unremedied under the Trust Agreement, the Trustee may terminate the Master Servicer, whereupon the Trustee, unless a successor master servicer is appointed, will succeed to all responsibilities, duties and liabilities of the Master Servicer under the Trust Agreement and will be entitled to reasonable compensation, together with other servicing compensation in the form of assumption fees, late payment charges or otherwise as provided in the Trust Agreement. In the event that the Trustee is unwilling or unable so to act, it may select, or petition a court of competent jurisdiction to appoint, a housing and home finance institution, bank or mortgage servicing institution with a net worth of at least \$15,000,000 to act as successor master servicer.

During the continuance of an Event of Default under the Trust Agreement, the Trustee will have the right to take action to enforce its rights and remedies and to protect and enforce the rights and remedies of the Certificateholders, and Certificateholders evidencing not less than 25% of the Class Principal Amount (or Percentage Interest) of each class of Certificates affected thereby may direct 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. However, the Trustee will not be under any obligation to pursue any remedy or to exercise any of the trusts or powers unless the Certificateholders have offered the Trustee reasonable security or indemnity against the cost, expenses and liabilities that may be incurred by the Trustee. Also, the Trustee may decline to follow the direction if the Trustee determines that the action or proceeding so directed may not lawfully be taken or would involve it in personal liability or be unjustly prejudicial to the non-assenting Certificateholders.

No Certificateholder, solely by virtue of that holder's status as a Certificateholder, will have any right under the Trust Agreement to institute any proceeding with respect to the Trust Agreement, unless that Certificateholder previously has given to the Trustee written notice of default and unless the holders of Certificates evidencing not less than 25% of the Class Principal Amount (or Percentage Interest) of each class of Certificates affected thereby have made a written request upon the Trustee to institute a proceeding in its own name as Trustee thereunder, and have offered to the Trustee reasonable indemnity, and the Trustee for the number of days specified in the Trust Agreement has neglected or refused to institute such a proceeding.

Expenses and Indemnities of the Trustee. The Trustee will be entitled to reimbursement of all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with the Trust Agreement, except for expenses, disbursements and advances incurred by the Trustee in the routine administration of its duties under the Trust Agreement and except for any expenses arising from its negligence, bad faith or willful misconduct. The Trustee will also be entitled to indemnification from the Trust Fund for any loss, liability or expense incurred, arising out of, or in connection with, the acceptance or administration of the trusts created under the Trust Agreement or in connection with the performance of its duties under the Trust Agreement, the Sale and Assignment Agreement, the Swap Agreement, the Interest Rate Cap Agreement, the Servicing Agreement or the Custodial Agreement, including the costs and expenses of defending itself against any claim in connection with the exercise or performance of any of its powers or duties under the Trust Agreement.

The Trustee will be entitled to reimbursement for its expenses and indemnification amounts as described above from the Interest Remittance Amount and Principal Remittance Amount, prior to distribution of any amounts to Certificateholders, *provided* that such reimbursable amounts will not exceed \$200,000 in the aggregate per year from the Closing Date to the first anniversary of the Closing Date and each for each subsequent anniversary year thereafter. Notwithstanding the foregoing, costs and expenses incurred by the Trustee in connection with any transfer of servicing, as set forth in further detail

in the Trust Agreement, will be excluded from the \$200,000 per anniversary year limit on reimbursable amounts. The Trustee will be entitled to reimbursement for its expenses and indemnification amounts in excess of \$200,000 in each anniversary year from the aggregate of any Interest Remittance Amount remaining after application of any Net Swap Payment, Swap Termination Payment, Current Interest, Carryforward Interest and the Credit Risk Manager's Fee, as described under "Description of the Certificates—Distributions of Interest—Interest Distribution Priorities."

Resignation of Trustee. The Trustee may, upon written notice to the Depositor and the Master Servicer, resign at any time, in which event the Depositor will appoint a successor trustee. If no successor trustee has been appointed and has accepted the appointment within 30 days after the Trustee's notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for appointment of a successor trustee.

The Trustee may be removed at any time by the Depositor if (a) the Trustee ceases to be eligible to continue to act as trustee under the Trust Agreement, (b) the Trustee becomes incapable of acting, or is adjudged bankrupt or insolvent, or a receiver of the Trustee is appointed, (c) a tax is imposed or threatened with respect to the Trust Fund by any state in which the Trustee or the Trust Fund held by the Trustee is located or (d) the continued use of the Trustee would result in a downgrading of the rating by any Rating Agency of any class of Certificates. In addition, the Trustee may be removed at any time by holders of more than 50% of the Class Principal Amount (or Percentage Interest) of each class of Certificates upon 30 days' written notice to the Trustee.

Any resignation or removal of the Trustee and appointment of a successor trustee will not become effective until acceptance of the appointment by the successor trustee, whereupon the predecessor trustee will mail notice of the succession of the successor trustee to all Certificateholders; the expenses of the mailing are to be borne by the predecessor trustee. The predecessor trustee will be required to assign to the successor trustee its interest under all Mortgage Loan files, and will be required to assign and pay over to the successor trustee the entire Trust Fund, together with all necessary instruments of transfer and assignment or other documents properly executed necessary to effect that transfer. In addition, the Master Servicer and the predecessor trustee will be required to execute and deliver such other instruments and do such other things as may reasonably be required to vest in the successor trustee all such rights, powers, duties and obligations.

Amendment of the Trust Agreement. The Trust Agreement may be amended by the parties to the Trust Agreement, without notice to or consent of the Certificateholders:

- (1) to cure any ambiguity;
- (2) to conform to the provisions of the private placement memorandum, to correct any defective provisions or to supplement any provision;
- (3) to add any other provisions with respect to matters or questions arising under the Trust Agreement; or
- (4) to comply with any requirements imposed by the Code;

provided that (a) no such amendment may adversely affect the status of any REMIC and (b) any amendment under clause (3) above must not adversely affect in any material respect the interests of any Certificateholders. Any amendment pursuant to clause (3) of the preceding sentence will be deemed not to adversely affect in any material respect the interests of any Certificateholder if the Trustee receives

written confirmation from each Rating Agency that the amendment will not cause such Rating Agency to reduce its then current ratings assigned to the Certificates.

The Trust Agreement may also be amended by the parties to the Trust Agreement with the consent of the Certificateholders of not less than 66⅔% of the Class Principal Amount (or Percentage 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 the Trust Agreement or modifying in any manner the rights of Certificateholders; provided, however, that no amendment may reduce the amount or delay the timing of payments on any Certificate without the consent of the holder of such Certificate, or reduce the percentage required to consent to the amendment, without the consent of Certificateholders of 100% of the Class Principal Amount (or Percentage Interest) of each class of Certificates affected by the amendment.

Additionally, any amendment of the Trust Agreement that would affect the rights and obligations of the Swap Counterparty requires the consent of the Swap Counterparty.

Reports to Certificateholders

The Trustee will prepare (based solely on information provided by the Master Servicer, the Swap Counterparty and the Cap Counterparty) and, in the manner described under “Additional Information” above, will make available to each Certificateholder on each Distribution Date, or as soon thereafter as is practicable, a report setting forth the following information (in part on the basis of Mortgage Loan level information provided by the Servicer and in part on the basis of information provided by the Swap Counterparty with respect to payments made under the Swap Agreement and from the Cap Counterparty with respect to payments made under the Interest Rate Cap Agreement):

- (1) the aggregate amount of the distribution to be made on that Distribution Date to each class of Certificates, to the extent applicable, allocable to principal on the Mortgage Loans, including Liquidation Proceeds and Insurance Proceeds, stating separately the amount attributable to scheduled and unscheduled principal payments;
- (2) the aggregate amount of the distribution to be made on that Distribution Date to each class of Certificates allocable to interest and the calculation thereof;
- (3) the amount, if any, of any distribution to the Class P, Class X, Class LT-R and Class R Certificates;
- (4) (A) the aggregate amount of any Advances required to be made by or on behalf of the Servicer (or the Master Servicer) with respect to the related Collection Period, (B) the aggregate amount of such Advances actually made, and (C) the amount, if any, by which (A) above exceeds (B) above;
- (5) by Mortgage Pool and in the aggregate, the total number of Mortgage Loans and the aggregate Scheduled Principal Balance of all the Mortgage Loans as of the close of business on the last day of the related Collection Period, after giving effect to payments allocated to principal reported under item (1) above;
- (6) the Class Principal Amount of each class of Certificates, to the extent applicable, as of that Distribution Date after giving effect to payments allocated to principal reported under item (1) above, separately identifying any reduction of any of the foregoing Certificate Principal Amounts due to Applied Loss Amounts;
- (7) the amount of any Prepayment Premiums distributed to the Class P Certificates;

- (8) by Mortgage Pool and in the aggregate, the amount of any Realized Losses incurred with respect to the Mortgage Loans (x) in the applicable Prepayment Period and (y) in the aggregate since the Cut-off Date;
- (9) the amount of the Servicing Fees and Credit Risk Manager's Fees paid during the Collection Period to which that distribution relates;
- (10) the number and aggregate outstanding principal balance of Mortgage Loans in any Mortgage Pool, as reported to the Trustee by the Master Servicer, (a) remaining outstanding, (b) delinquent 30 to 59 days, (c) delinquent 60 to 89 days, (d) delinquent 90 or more days, (e) as to which foreclosure proceedings have been commenced, all as of the close of business on the last Business Day of the calendar month immediately before the month in which that Distribution Date occurs, (f) in bankruptcy and (g) that are REO Properties (the information in this item (10) will be calculated using the OTS delinquency method);
- (11) the aggregate outstanding principal balance of any Mortgage Loans in each Mortgage Pool with respect to which the related Mortgaged Property became a REO Property as of the close of business on the last Business Day of the calendar month immediately before the month in which that Distribution Date occurs;
- (12) with respect to substitution of Mortgage Loans in the preceding calendar month, the Scheduled Principal Balance of each Deleted Loan, and of each Qualifying Substitute Mortgage Loan;
- (13) the aggregate outstanding Carryforward Interest, Net Prepayment Interest Shortfalls, Basis Risk Shortfalls and Unpaid Basis Risk Shortfalls, if any, for each class of Certificates, after giving effect to the distribution made on that Distribution Date;
- (14) the Interest Rate applicable to that Distribution Date with respect to each class of Certificates;
- (15) with respect to each Mortgage Pool, the Interest Remittance Amount and the Principal Remittance Amount applicable to that Distribution Date;
- (16) if applicable, the amount of any shortfall (i.e., the difference between the aggregate amounts of principal and interest which Certificateholders would have received if there were sufficient available amounts in the Certificate Account and the amounts actually distributed);
- (17) the amount of any Overcollateralization Deficiency after giving effect to the distributions made on that Distribution Date;
- (18) the Overcollateralization Amount after giving effect to the distributions made on that Distribution Date;
- (19) the level of LIBOR for that Distribution Date;
- (20) the amount of any payments made by the Cap Counterparty to the Interest Rate Cap Account under the Interest Rate Cap Agreement;
- (21) the amount of any Net Swap Payment to the Interest Rate Swap Account, any Net Swap Payment to the Swap Counterparty, any Swap Termination Payment to the Interest Rate Swap Account and any Swap Termination Payment to the Swap Counterparty;
- (22) whether a Trigger Event is in effect for that Distribution Date; and

(23) any other information required pursuant to the Trust Agreement.

In addition, within 90 days after the end of each calendar year, the Trustee will prepare and make available to any person who at any time during the calendar year was a Certificateholder of record, a report summarizing the items provided to the Certificateholders pursuant to items (1) and (2) above on an annual basis as may be required to enable those Certificateholders to prepare their federal income tax returns. Such information shall also include the amount of OID accrued on each class of Certificates and information regarding the expenses of the Trust Fund furnished by the Master Servicer to the Trustee.

Voting Rights

At all times 97% of all voting rights will be allocated among the holders of the Offered Certificates as provided below. The portion of such voting rights allocated to each class of the Offered Certificates will be based on the fraction, expressed as a percentage, the numerator of which is the Class Principal Amount of such class of Certificates then outstanding and the denominator of which is the aggregate Class Principal Amount of all outstanding classes of the Offered Certificates.

The holders of the Class R, Class P and Class X Certificates will each be allocated 1% of the voting rights. The voting rights allocation to any class of Certificates will be allocated among all holders of each such class in proportion to the outstanding Certificate Principal Amount or Percentage Interest of such Certificates.

Yield, Prepayment and Weighted Average Life

General

The yields to maturity (or to early termination) of the Offered Certificates will be affected by the rate of principal payments (including prepayments, which may include amounts received by virtue of purchase, condemnation, insurance or foreclosure) on the Mortgage Loans and the application of excess interest to retire the Class Principal Amounts of the Certificates. Yields will also be affected by the extent to which Mortgage Loans bearing higher Mortgage Rates prepay at a more rapid rate than Mortgage Loans with lower Mortgage Rates, the amount and timing of borrower delinquencies and defaults resulting in Realized Losses, the purchase price for the Offered Certificates and other factors.

Yields on the Senior Certificates will be affected by the rate of principal payments on the Mortgage Loans in the related Mortgage Pool, primarily, and to a lesser extent (if at all) by the rate of principal payments on the Mortgage Loans in the unrelated Mortgage Pool. Yields on the Offered Subordinate Certificates will be affected by the rate of principal payments on the Mortgage Loans in both Mortgage Pools.

Principal prepayments may be influenced by a variety of economic, geographic, demographic, social, tax, legal and other factors, including the credit quality of the Mortgage Loans. In general, if prevailing interest rates fall below the interest rates on the Mortgage Loans, the Mortgage Loans are likely to be subject to higher rates of prepayments than if prevailing rates remain at or above the interest rates on the Mortgage Loans. Conversely, if prevailing interest rates rise above the interest rates on the Mortgage Loans, the rate of prepayment would be expected to decrease. Other factors affecting prepayment of the Mortgage Loans include such factors as changes in borrowers' housing needs, job transfers, unemployment, borrowers' net equity in the Mortgaged Properties, changes in the values of Mortgaged Properties, mortgage market interest rates and servicing decisions. The Mortgage Loans generally have due-on-sale clauses. For a discussion of other factors that could influence prepayment

experience of the Mortgage Loans, see “Risk Factors—Risks Related to Unpredictability and Effect of Prepayments.”

In addition, the rate of principal prepayments may also be influenced by programs offered by mortgage loan originators, servicers and brokers (including the Servicer and its affiliates). In particular, the Seller and its affiliates (including Aurora) may solicit borrowers using general and targeted solicitations (which may be based on mortgage loan characteristics including, but not limited to, interest rate, payment history or geographic location) and solicitations to borrowers whom the Seller or its affiliates believe may be considering refinancing their mortgage loans.

All of the Adjustable Rate Mortgage Loans have Mortgage Rates that provide for a fixed interest rate during an initial period of two years, three years or five years from the date of the origination and thereafter provide for adjustments to the Mortgage Rates on a semi-annual basis. When such Adjustable Rate Mortgage Loans begin their adjustable period, increases and decreases in the Mortgage Rate on the Mortgage Loan will be limited by the Periodic Cap, except in the case of the first adjustment which will be limited by the Initial Cap, the Maximum Rate and the Minimum Rate, if any, and will be based on the Index in effect on the date prior to the related Adjustment Date plus the applicable Gross Margin. The applicable Index may not rise and fall consistently with the Mortgage Rates. As a result, the Mortgage Rates on the Adjustable Rate Mortgage Loans at any time may not equal the prevailing mortgage interest rates of similar adjustable rate mortgage loans, and accordingly the prepayment rate may be lower or higher than would otherwise be anticipated. Moreover, each Adjustable Rate Mortgage Loan has a Maximum Rate and a Minimum Rate, which in some cases is equal to the related Gross Margin. Further, some borrowers who prefer the certainty provided by fixed rate mortgage loans may nevertheless obtain adjustable rate mortgage loans at a time when they regard the mortgage interest rates (and, therefore, the payments) on fixed rate mortgage loans as unacceptably high. These borrowers may be induced to refinance adjustable rate mortgage loans when the mortgage interest rates and monthly payments on comparable fixed rate mortgage loans decline to levels which these borrowers regard as acceptable, even though such mortgage interest rates and monthly payments may be significantly higher than the current mortgage interest rates and monthly payments on the borrower’s adjustable rate mortgage loans. The ability to refinance a Mortgage Loan will depend on a number of factors prevailing at the time refinancing is desired, including, without limitation, real estate values, the borrower’s financial situation, prevailing mortgage interest rates, the borrower’s equity in the related Mortgaged Property, tax laws and prevailing general economic conditions. In addition, as discussed below, the Interest Rates on the Offered Certificates beginning with the Accrual Period following the first adjustment date may decrease, and may decrease significantly, after the Mortgage Rates on the Mortgage Loans begin to adjust.

Approximately 68.51% of the Mortgage Loans are subject to Prepayment Premiums during intervals ranging from one year to three years after origination, as described under “Description of the Mortgage Pools—General” herein. Such Prepayment Premiums may have the effect of reducing the amount or the likelihood of prepayment of the related Mortgage Loans during the applicable Prepayment Premium Period.

The rate of principal payments on the Mortgage Loans will also be affected by the amortization schedules of the Mortgage Loans, the rate and timing of prepayments thereon by the borrowers, liquidations of defaulted Mortgage Loans and repurchases of Mortgage Loans due to certain breaches of representations and warranties or defective documentation. The timing of changes in the rate of prepayments, liquidations and purchases of the related Mortgage Loans may, and the timing of Realized Losses will, significantly affect the yield to an investor, even if the average rate of principal payments experienced over time is consistent with an investor’s expectation. Because the rate and timing of principal payments on the Mortgage Loans will depend on future events and on a variety of factors such as the number of any foreclosures and the principal amount of the Mortgage Loans that are foreclosed in

relation to the number of Mortgage Loans that are repaid in accordance with their terms, whether any acceleration of repayment as a result of due on sale clauses occurs and whether an optional purchase of the Mortgage Loans occurs, no assurance can be given as to such rate or the timing of principal payments on the Offered Certificates. In general, the earlier a prepayment of principal on the Mortgage Loans, the greater the effect on an investor's yield. The effect on an investor's yield 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 Certificates may not be offset by a subsequent like decrease (or increase) in the rate of principal payments.

Approximately 37.46% of the Adjustable Rate Mortgage Loans and approximately 66.96% of the Fixed Rate Mortgage Loans are fully amortizing. However, approximately 62.54% of the Adjustable Rate Mortgage Loans and approximately 33.04% of the Fixed Rate Mortgage Loans are Balloon Loans which will have original terms to maturity that are shorter than their amortization schedules, leaving final payments due on their maturity dates that are significantly larger than other monthly payments. Approximately 0.08% of the Mortgage Loans have original terms to maturity of fifteen years and principal amortization periods of thirty years. The ability of a borrower to repay a Balloon Loan at maturity frequently will depend on the borrower's ability to refinance the loan. Any loss on a Balloon Loan as a result of the borrower's inability to refinance the loan will be borne by Certificateholders, to the extent that losses exceed the applicable credit enhancement described herein. Approximately 57.29% and 0.04% of the Mortgage Loans have original terms to maturity of thirty years and principal amortization periods of forty years and fifty years, respectively. These longer amortization periods of forty and fifty years will result in a slower rate of scheduled payment of principal on the related Mortgage Loans and may therefore result in a slower amortization of the Class Principal Amounts on the Offered Certificates.

As described herein, approximately 6.52% of the Mortgage Loans do not provide for monthly payments of principal for the first five, seven or ten years following origination. Instead, only monthly payments of interest are due during such period. Other considerations aside, due to such characteristics, borrowers may be disinclined to prepay the Interest-Only Mortgage Loans during such interest-only period. In addition, because no principal is due on such loans for their initial interest-only period, the Class Principal Amounts of the Offered Certificates will amortize at a slower rate during such period than would otherwise be the case. Thereafter, when the monthly payments on the Interest-Only Mortgage Loans are recalculated on the basis of a payment schedule sufficient to amortize the principal balance of such Interest-Only Mortgage Loan over its remaining term, principal payments on the Offered Certificates are expected to increase correspondingly, and, in any case, at a faster rate than if payments on the related Mortgage Loans were calculated on the basis of an amortization schedule based on the original term to maturity of the Mortgage Loan. Notwithstanding the foregoing, no assurance can be given as to any prepayment rate on the Interest-Only Mortgage Loans.

From time to time, areas of the United States may be affected by flooding, severe storms, landslides, wildfires, earthquakes or other natural disasters. Under the Sale and Assignment Agreement, the Seller will represent and warrant that as of the Closing Date each Mortgaged Property was free of material damage. In the event of an uncured breach of this representation and warranty that materially and adversely affects the interests of Certificateholders, the Seller will be required to repurchase the affected Mortgage Loan or substitute another mortgage loan therefor. If any damage caused by flooding, storms, wildfires, landslides or earthquakes (or other cause) occurs after the Closing Date, the Seller will not have any repurchase obligation. In addition, the standard hazard policies covering the Mortgaged Properties generally do not cover damage caused by earthquakes, flooding and landslides, and earthquake, flood or landslide insurance may not have been obtained with respect to such Mortgaged Properties. As a consequence, Realized Losses could result. To the extent that the insurance proceeds received with respect to any damaged Mortgaged Properties are not applied to the restoration thereof, the proceeds will be used to prepay the related Mortgage Loans in whole or in part. Any repurchases or repayments of the

Mortgage Loans may reduce the weighted average lives of the Offered Certificates and will reduce the yields on the Offered Certificates to the extent they are purchased at a premium.

Prepayments, liquidations and purchases of Mortgage Loans will result in distributions to holders of the related Certificates of principal amounts that would otherwise be distributed over the remaining terms of such Mortgage Loans. The rate of defaults on the Mortgage Loans will also affect the rate and timing of principal payments on the Mortgage Loans. In general, defaults on mortgage loans are expected to occur with greater frequency in their early years.

The yields on the Offered Certificates may be adversely affected by Net Prepayment Interest Shortfalls on the Mortgage Loans. The yields on the Offered Certificates may also be adversely affected by reductions in the Mortgage Rates under the Relief Act or similar state or local laws. The yields on the Offered Certificates will be affected by the level of LIBOR from time to time, and will be affected by the Mortgage Rates of the Mortgage Loans from time to time as described under “Risk Factors—Mortgage Loan Interest Rates May Limit Interest Rates on the Certificates.”

The yields on the Offered Certificates may be adversely affected by Net Swap Payments and Swap Termination Payments (not due to a Swap Counterparty Trigger Event) to the Swap Counterparty. Any Net Swap Payment or Swap Termination Payments payable to the Swap Counterparty will reduce amounts available for distribution to Certificateholders. If the rate of prepayments on the Mortgage Loans is faster than anticipated, the Scheduled Notional Amount on which payments due under the Swap Agreement are calculated may exceed the Aggregate Pool Balance, thereby increasing the relative proportion of interest (and possibly principal) collections on the Mortgage Loans that must be applied to make any Net Swap Payment to the Swap Counterparty and consequently, the combination of rapid rates of prepayment and low prevailing interest rates could adversely affect the yields on the Offered Certificates.

As described herein, excess interest will be applied, to the extent available, as an additional payment of principal on the Offered Certificates to maintain the target amounts specified by the Rating Agencies. The level of excess interest available on any Distribution Date will be influenced by, among other things:

- The overcollateralization level of the Mortgage Loans. This means the extent to which interest on the Mortgage Loans is accruing on a higher principal balance than the total Certificate Principal Amount of the Offered Certificates;
- The loss experience of the Mortgage Loans. For example, excess interest will be reduced as a result of Realized Losses on the Mortgage Loans;
- The value of One-Month LIBOR and Six-Month LIBOR;
- The extent to which funds are received or paid by the Interest Rate Swap Account under the Swap Agreement;
- The amounts, if any, received by the Interest Rate Cap Account under the Interest Rate Cap Agreement; and
- The extent to which the weighted average of the Net Mortgage Rates of the Mortgage Loans exceeds the weighted average of the Interest Rates of the Offered Certificates plus fees and expenses of the Trust Fund.

No assurances can be given as to the amount or timing of excess interest distributable on the Certificates.

The yields to investors on the Offered Certificates will be affected by the exercise by the Master Servicer of its right to purchase the Mortgage Loans (or its failure to exercise such right), as described under “Description of the Certificates—Optional Purchase of the Mortgage Loans” herein, or the failure of the NIMS Insurer to direct the Master Servicer to exercise that right.

If the purchaser of a Certificate offered at a discount from its initial principal amount calculates its anticipated yield to maturity (or early termination) based on an assumed rate of payment of principal that is faster than that actually experienced on the related Mortgage Loans, the actual yield may be lower than that so calculated. Conversely, if the purchaser of a Certificate offered at a premium calculates its anticipated yield based on an assumed rate of payment of principal that is slower than that actually experienced on the related Mortgage Loans, the actual yield may be lower than that so calculated. For this purpose, prepayments of principal include not only voluntary prepayments made by the borrower, but repurchases of Mortgage Loans by the Seller due to breaches of representations and warranties.

Overcollateralization

The yields of the Offered Certificates will be affected by the application of Monthly Excess Cashflow as described herein and by the amount of overcollateralization. The amount of Monthly Excess Cashflow will be affected by the delinquency, default and prepayment experience of the Mortgage Loans. There can be no assurance that overcollateralization will be maintained at the level described herein. In addition, because of the cross-collateralization features of the Mortgage Pools as described under “Description of the Certificates—Distributions of Principal,” payments of principal on the Senior Certificates may be accelerated before principal payments are applied to the Offered Subordinate Certificates.

Subordination of the Offered Subordinate Certificates

As described herein, Certificates having a relatively higher priority of distribution will have a preferential right to receive distributions of interest to the extent of the Interest Remittance Amount. In addition, Applied Loss Amounts will be allocated to the Offered Subordinate Certificates in inverse order of seniority. As a result, the yields of each class of the Offered Subordinate Certificates will be more sensitive, in varying degrees, to delinquencies and losses on the Mortgage Loans than the yields of more senior Certificates.

Weighted Average Life

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investor of each dollar distributed in net reduction of principal of such security (assuming no losses). The weighted average lives of the Offered Certificates will be influenced by, among other things, the rate at which principal of the related Mortgage Loans is paid, which may be in the form of scheduled amortization, prepayments or liquidations and the amount of excess interest applied in reduction of the Certificate Principal Amounts of the Offered Certificates.

Prepayments on mortgage loans are commonly measured relative to a constant prepayment standard or model. The model used in this private placement memorandum for the Mortgage Loans is CPR, which represents an assumed rate of prepayment each month relative to the then outstanding principal balance of the Mortgage Loans for the life of such Mortgage Loans.

CPR does not purport to be either a historical description of the prepayment experience of the mortgage loans or a prediction of the anticipated rate of prepayment of any mortgage loans, including the Mortgage Loans to be included in the Trust Fund.

The tables set forth on Annex C-2 to this private placement memorandum were prepared based on the following modeling assumptions (collectively, the "Modeling Assumptions"):

- (1) the initial Class Principal Amounts are as set forth in the table on page 1 and the Interest Rates are as described herein;
- (2) each Scheduled Payment of principal and interest is timely received on the first day of each month commencing in March 2007;
- (3) principal prepayments are received in full on the last day of each month commencing in February 2007 and there are no Net Prepayment Interest Shortfalls;
- (4) there are no defaults or delinquencies on the Mortgage Loans;
- (5) Distribution Dates occur on the 25th day of each month, commencing in March 2007;
- (6) there are no purchases or substitutions of Mortgage Loans;
- (7) the Mortgage Rate of each Adjustable Rate Mortgage Loan is adjusted on the next applicable Adjustment Date to equal the value of Six-Month LIBOR set forth below, plus the related Gross Margin, subject to any applicable Initial Cap, Periodic Cap, Maximum Rate or Minimum Rate;
- (8) the value of One-Month LIBOR is equal to 5.32000%; and the value of Six-Month LIBOR is equal to 5.31938%;
- (9) none of the Mortgage Loans provide for payments of interest that accrue based on the daily simple interest method;
- (10) there is no optional termination of the Trust Fund by the Master Servicer (except in the case of Weighted Average Life in Years With Optional Termination);
- (11) the Certificates are issued on March 13, 2007;
- (12) no Prepayment Premiums are collected on the Mortgage Loans;
- (13) no Swap Termination Payment occurs;
- (14) no payments under the Interest Rate Cap Agreement or the Swap Agreement are deposited into the Interest Rate Cap Account or Interest Rate Swap Account, respectively; and
- (15) the Mortgage Loans are aggregated into assumed Mortgage Loans having the characteristics set forth on Annex C-1 to this private placement memorandum.

The actual characteristics and the performance of the Mortgage Loans will differ from the assumptions used in constructing the tables set forth on Annex C-2 hereto, which are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under

varying prepayment scenarios. For example, it is not expected that the Mortgage Loans will prepay at a constant rate until maturity, that all of the Mortgage Loans will prepay at the same rate or that there will be no defaults or delinquencies on the Mortgage Loans. Moreover, the diverse remaining terms to maturity and the Mortgage Rates of the Mortgage Loans could produce slower or faster principal distributions than indicated in the tables at the various percentages of CPR specified, even if the weighted average remaining terms to maturity and the weighted average Mortgage Rates of the Mortgage Loans are as assumed. Any difference between such assumptions and the actual characteristics and performance of the Mortgage Loans, or the actual prepayment or loss experience, will cause the percentages of initial Class Principal Amounts outstanding over time and the weighted average lives of the Offered Certificates to differ (which difference could be material) from the corresponding information in the tables for each indicated percentage of CPR.

Subject to the foregoing discussion and assumptions, the tables set forth on Annex C-2 hereto indicate the weighted average lives of the Offered Certificates and set forth the percentages of the initial Class Principal Amounts of the Offered Certificates that would be outstanding after each of the Distribution Dates shown at various percentages of CPR.

The weighted average life of an Offered Certificate is determined by (1) multiplying the net reduction, if any, of the applicable Class Principal Amount by the number of years from the date of issuance of the Offered Certificate to the related Distribution Date, (2) adding the results and (3) dividing the sum by the aggregate of the net reductions of Class Principal Amount described in (1) above.

Certain Legal Aspects of the Mortgage Loans

The following discussion contains summaries, which are general in nature, of certain legal aspects of loans secured by single family residential properties. Because these legal aspects are governed primarily by applicable state law (which laws may differ substantially), the summaries do not purport to be complete, reflect the laws of any particular state or encompass the laws of all states in which the security for the Mortgage Loans is situated. The summaries are qualified in their entirety by reference to the applicable federal and state laws governing the Mortgage Loans.

General

The Mortgage Loans are evidenced by a note or bond and secured by instruments granting a security interest in real property which may be mortgages, deeds of trust, security deeds or deeds to secure debt, depending on the prevailing practice and law in the state in which the Mortgaged Property is located. Mortgages, deeds of trust and deeds to secure debt are herein collectively referred to as “mortgages.” Any of the foregoing types of mortgages will create a lien upon, or grant a title interest in, the subject property, the priority of which will depend on the terms of the particular security instrument, as well as separate, recorded, contractual arrangements with others holding interests in the mortgaged property, the knowledge of the parties to that instrument as well as the order of recordation of the instrument in the appropriate public recording office. However, recording does not generally establish priority over governmental claims for real estate taxes and assessments and other charges imposed under governmental police powers.

Types of Mortgage Instruments

A mortgage either creates a lien against or constitutes a conveyance of real property between two parties—a borrower (usually the owner of the subject property) and a mortgagee (the lender). In contrast, a deed of trust is a three-party instrument, among a trustor (the equivalent of a borrower), a trustee to whom the mortgaged property is conveyed and a beneficiary (the lender) for whose benefit the

conveyance is made. As used herein, unless the context otherwise requires, “borrower” includes the trustor under a deed of trust and a grantor under a security deed or a deed to secure debt.

Under a deed of trust, the borrower grants the property, irrevocably until the debt is paid, in trust to a third party trustee, generally with a power of sale as security for the indebtedness evidenced by the related note. A deed to secure debt typically has two parties. By executing a 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, generally with a power of sale as security for the indebtedness evidenced by the related mortgage note.

In case the borrower under a mortgage is a land trust, there would be an additional party because legal title to the property is held by a land trustee under a land trust agreement for the benefit of the borrower. At origination of a mortgage loan involving a land trust, the borrower executes a separate undertaking to make payments on the mortgage note. The mortgagee’s authority under a mortgage, the trustee’s authority under a deed of trust and the grantee’s authority under a deed to secure debt are governed by the express provisions of the mortgage, the law of the state in which the real property is located, certain federal laws (including the Relief Act) and, in some cases, in deed of trust transactions, the directions of the beneficiary.

Interest in Real Property

The real property covered by a mortgage, deed of trust, security deed or deed to secure debt is most often the fee estate in land and improvements. However, that instrument may encumber other interests in real property such as a tenant’s interest in a lease of land or improvements, or both, and the leasehold estate created by that lease. An instrument covering an interest in real property other than the fee estate requires special provisions in the instrument creating that interest or in the mortgage, deed of trust, security deed or deed to secure debt, to protect the mortgagee against termination of that interest before the mortgage, deed of trust, security deed or deed to secure debt is paid.

Foreclosure

General. Foreclosure is a legal procedure that allows the mortgagee to recover its mortgage debt by enforcing its rights and available legal remedies under the mortgage. If the borrower defaults in payment or performance of its obligations under the note or mortgage, the mortgagee has the right to institute foreclosure proceedings to sell the mortgaged property at public auction to satisfy the indebtedness.

Foreclosure procedures for the enforcement of a mortgage vary from state to state. Two primary methods of foreclosing a mortgage are judicial foreclosure and non-judicial foreclosure pursuant to a power of sale granted in the mortgage instrument. There are several other foreclosure procedures available in some states that are either infrequently used or available only in some limited circumstances, such as strict foreclosure.

Judicial Foreclosure. A judicial foreclosure proceeding is conducted in a court having jurisdiction over the mortgaged property. Generally, the action is initiated by the service of legal pleadings upon all parties having an interest of record in the real property. Delays in completion of the foreclosure may occasionally result from difficulties in locating defendants. When the lender’s right to foreclose is contested, the legal proceedings can be time-consuming. Upon successful completion of a judicial foreclosure proceeding, the court generally issues a judgment of foreclosure and appoints a referee or other officer to conduct a public sale of the mortgaged property, the proceeds of which are used to satisfy the judgment. Those sales are made in accordance with procedures that vary from state to state.

Equitable Limitations on Enforceability of Certain Provisions. United States courts have traditionally imposed general equitable principles to limit the remedies available to a mortgagee in connection with foreclosure. These equitable principles are generally designed to relieve the borrower from the legal effect of mortgage defaults, to the extent that the effect is perceived as harsh or unfair. Relying on those principles, a court may alter the specific terms of a loan to the extent it considers necessary to prevent or remedy an injustice, undue oppression or overreaching, or may require the lender to undertake affirmative and expensive actions to determine the cause of the borrower's default and the likelihood that the borrower will be able to reinstate the loan.

In some cases, courts have substituted their judgment for the lender's and have required that lenders reinstate loans or recast payment schedules to accommodate borrowers who are suffering from a temporary financial disability. In other cases, courts have limited the right of the lender to foreclose if the default under the mortgage is not monetary, e.g., the borrower failed to maintain the mortgaged property adequately or the borrower executed a junior mortgage on the mortgaged property. The exercise by the court of its equity powers will depend on the individual circumstances of each case presented to it. Finally, some courts have been faced with the issue of whether federal or state constitutional provisions reflecting due process concerns for adequate notice require that a borrower receive notice in addition to statutorily-prescribed minimum notice. For the most part, these cases have upheld the reasonableness of the notice provisions or have found that a public sale under a mortgage providing for a power of sale does not involve sufficient state action to afford constitutional protections to the borrower.

Non-Judicial Foreclosure/Power of Sale. Foreclosure of a deed of trust is generally accomplished by a non-judicial trustee's sale pursuant to the power of sale granted in the deed of trust. A power of sale is typically granted in a deed of trust. It may also be contained in any other type of mortgage instrument. A power of sale allows a non-judicial public sale to be conducted generally following a request from the beneficiary/lender to the trustee to sell the property upon any default by the borrower under the terms of the mortgage note or the mortgage instrument and after notice of sale is given in accordance with the terms of the mortgage instrument, as well as applicable state law.

In some states, before the sale, the trustee under a deed of trust must record a notice of default and notice of sale and send a copy to the borrower and to any other party who has recorded a request for a copy of a notice of default and notice of sale. In addition, in some states the trustee must provide notice to any other party having an interest of record in the real property, including junior lienholders. A notice of sale must be posted in a public place and, in most states, published for a specified period of time in one or more newspapers. The borrower or junior lienholder may then have the right, during a reinstatement period required in some states, to cure the default by paying the entire actual amount in arrears (without acceleration) plus the expenses incurred in enforcing the obligation. In other states, the borrower or the junior lienholder is not provided a period to reinstate the loan, but has only the right to pay off the entire debt to prevent the foreclosure sale. Generally, the procedure for public sale, the parties entitled to notice, the method of giving notice and the applicable time periods are governed by state law and vary among the states. Foreclosure of a deed to secure debt is also generally accomplished by a non-judicial sale similar to that required by a deed of trust, except that the lender or its agent, rather than a trustee, is typically empowered to perform the sale in accordance with the terms of the deed to secure debt and applicable law.

Public Sale. A third party may be unwilling to purchase a mortgaged property at a public sale because of the difficulty in determining the value of that property at the time of sale, due to, among other things, redemption rights that may exist and the possibility of physical deterioration of the property during the foreclosure proceedings. For these reasons, it is common for the lender to purchase the mortgaged property for an amount equal to or less than the underlying debt and accrued and unpaid interest plus the expenses of foreclosure. Generally, state law controls the amount of foreclosure costs and

expenses that may be recovered by a lender. Thereafter, subject to the borrower's right in some states to remain in possession during a redemption period, if applicable, the lender will become the owner of the property and have both the benefits and burdens of ownership of the mortgaged property. For example, the lender will become obligated to pay taxes, obtain casualty insurance and to make those 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 property not conveyed. Depending on market conditions, the ultimate proceeds of the sale of the property may not equal the lender's investment in the property. Moreover, a lender commonly incurs substantial legal fees and court costs in acquiring a mortgaged property through contested foreclosure and/or bankruptcy proceedings. Generally, state law controls the amount of foreclosure expenses and costs, including attorneys' fees, that may be recovered by a lender.

The proceeds received by the referee or trustee from the sale are applied first to the costs, fees and expenses of sale and then in satisfaction of the indebtedness secured by the mortgage under which the sale was conducted. Any proceeds remaining after satisfaction of senior mortgage debt are generally payable to the holders of junior mortgages and other liens and claims in order of their priority, whether or not the borrower is in default. Any additional proceeds are generally payable to the borrower. The payment of the proceeds to the holders of junior mortgages may occur in the foreclosure action of the senior mortgage or a subsequent ancillary proceeding or may require the institution of separate legal proceedings by those holders.

Rights of Redemption. The purposes of a foreclosure action are to enable the mortgagee to realize upon its security and to bar the borrower, and all persons who have an interest in the property that is subordinate to the mortgage being foreclosed, from exercise of their "equity of redemption." The doctrine of equity of redemption provides that, until the property covered by a mortgage has been sold in accordance with a properly conducted foreclosure and foreclosure sale, those having an interest that is subordinate to that of the foreclosing mortgagee have an equity of redemption and may redeem the property by paying the entire debt with interest. In addition, in some states, when a foreclosure action has begun, the redeeming party must pay certain costs of that action. Those having an equity of redemption must generally be made parties and joined in the foreclosure proceeding in order for their equity of redemption to be cut off and terminated.

The equity of redemption is a common-law (non-statutory) right that exists before completion of the foreclosure, is not waivable by the borrower, must be exercised before foreclosure sale and should be distinguished from the post-sale statutory 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 some states, statutory redemption may occur only upon payment of the foreclosure sale price. 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 a foreclosure sale or sale under a deed of trust. Consequently, the practical effect of the redemption right is to force the lender to maintain the property and pay the expenses of ownership until the redemption period has expired. In some states, a post-sale statutory right of redemption may exist following a judicial foreclosure, but not following a trustee's sale under a deed of trust.

Anti-Deficiency Legislation, the Bankruptcy Code and Other Limitations on Lenders

Certain states have imposed statutory prohibitions that limit the remedies of a beneficiary under a deed of trust or a mortgagee under a mortgage. In some states, statutes limit the right of the beneficiary or mortgagee to obtain a deficiency judgment against the borrower following foreclosure or sale under a

deed of trust. A deficiency judgment would be a personal judgment against the former borrower equal in most cases to the difference between the net amount realized upon the public sale of the real property and the amount due to the lender. Other 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. Finally, other statutory provisions limit any deficiency judgment against the former borrower following a judicial 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 judicial sale.

Generally, Article 9 of the UCC governs foreclosure on cooperative shares and the related proprietary lease or occupancy agreement and foreclosure on the beneficial interest in a land trust. Some courts have interpreted Section 9-610 (or a predecessor section) of the UCC to prohibit a deficiency award unless the creditor establishes that the sale of the collateral (which, in the case of a Mortgage Loan secured by shares of a cooperative, would be such shares and the related proprietary lease or occupancy agreement) was conducted in a commercially reasonable manner.

The Servicer will not be required under the Servicing Agreement to pursue deficiency judgments on the Mortgage Loans even if permitted by law.

In addition to anti-deficiency and related legislation, numerous other federal and state statutory provisions, including the United States Bankruptcy Code, 11 U.S.C. Sections 101 et seq. (the “Bankruptcy Code”), and state laws affording relief to debtors may interfere with or affect the ability of a secured mortgage lender to obtain payment of a mortgage loan, to realize upon collateral and/or enforce a deficiency judgment. For example, under the Bankruptcy Code, virtually all actions (including foreclosure actions and deficiency judgment proceedings) are automatically stayed upon the filing of a bankruptcy petition, and, frequently, no interest or principal payments are made during the course of the bankruptcy case. Foreclosure of an interest in real property of a debtor in a case under the Bankruptcy Code can typically occur only if the bankruptcy court vacates the stay, an action the court may be reluctant to take, particularly if the debtor has the prospect of restructuring his or her debts and the mortgage collateral is not deteriorating in value. The delay and the consequences thereof caused by such automatic stay can be significant. Also, under the Bankruptcy Code, the filing of a petition in bankruptcy by or on behalf of a junior lienor (a subordinate lender secured by a mortgage on the property) may stay the senior lender from taking action to foreclose.

A homeowner may file for relief under the Bankruptcy Code under any of three different chapters of the Bankruptcy Code. Under Chapter 7, the assets of the debtor are liquidated and a lender secured by a lien usually may “bid in” (i.e., bid up to the amount of the debt) at the sale of the asset. See “— Foreclosure.” A homeowner may also file for relief under Chapter 11 of the Bankruptcy Code and reorganize his or her debts through his or her reorganization plan. Alternatively, a homeowner may file for relief under Chapter 13 of the Bankruptcy Code and address his or her debts in a rehabilitation plan. (Chapter 13 is often referred to as the “wage earner chapter” or “consumer chapter” because most individuals seeking to restructure their debts file for relief under Chapter 13 rather than under Chapter 11.)

The Bankruptcy Code permits a mortgage loan that is secured by property that does not consist solely of the debtor’s principal residence to be modified without the consent of the lender provided certain substantive and procedural safeguards are met. Under the Bankruptcy Code, the lender’s secured claim may be limited to the then-current value of the property (as determined by the court) if the value is less than the amount due on the loan, thereby leaving the lender as a general unsecured creditor for the difference between the value of the collateral and the outstanding balance of the mortgage loan. A

borrower's unsecured indebtedness will typically be discharged in full upon payment of a substantially reduced amount. Other modifications to a mortgage loan may include a reduction in the amount of each Scheduled Payment, which reduction may result from a reduction in the rate of interest, an alteration of the repayment schedule, an extension of the final maturity date, and/or a reduction in the outstanding balance of the secured portion of the loan. In certain circumstances, subject to the court's approval, a debtor in a case under the Bankruptcy Code may have the power to grant liens senior to the lien of a mortgage.

A plan under Chapter 11 and a plan under Chapter 13 of the Bankruptcy Code may each allow a debtor to cure a default with respect to a mortgage loan on such debtor's residence by paying arrearages over a period of time and to decelerate and reinstate the original mortgage loan payment schedule, even though the lender accelerated the loan and a final judgment of foreclosure had been entered in state court (*provided* no sale of the property had yet occurred) prior to the filing of the debtor's petition under the Bankruptcy Code. Under a Chapter 13 plan, curing of defaults must be accomplished within the five year maximum term permitted for repayment plans, such term commencing when the repayment plan becomes effective, while defaults may be cured over a longer period of time under a Chapter 11 plan or reorganization.

Generally, a plan under Chapter 11 or Chapter 13 may not modify the claim of a mortgage lender if the borrower elects to retain the property, the property is the borrower's principal residence and the property is the lender's only collateral. Certain courts have allowed modifications when the mortgage loan is secured both by the debtor's principal residence and by collateral that is not "inextricably bound" to the real property, such as appliances, machinery, or furniture.

The general anti-modification protection for mortgages secured only by the debtor's principal residence is not applicable in a case under Chapter 13 if the last payment on the original payment schedule is due before the final date for payment under the debtor's Chapter 13 plan (which date could be up to five years after the debtor emerges from bankruptcy). While courts have divided on the application of this provision in particular factual circumstances, generally speaking, there is a risk of modification of a short term residential mortgage loan, mortgage loan with a balloon payment or long term residential mortgage loan nearing the end of its repayment schedule.

State statutes and general principles of equity may also provide a borrower with means to halt a foreclosure proceeding or sale and to force a restructuring of a mortgage loan on terms a lender would not otherwise accept.

In a bankruptcy or similar proceeding of a borrower, action may be taken seeking the recovery, as a preferential transfer or on other grounds, of any payments made by the borrower under the related mortgage loan prior to the bankruptcy or similar proceeding. Payments on long-term debt may be protected from recovery as preferences if they are payments in the ordinary course of business made on debts incurred in the ordinary course of business or if the value of the collateral exceeds the debt at the time of payment. Whether any particular payment would be protected depends upon the facts specific to a particular transaction.

Under state law, certain tax liens may have priority over the lien of a mortgage which priority would likely be respected in a bankruptcy proceeding. In addition, substantive requirements are imposed upon mortgage lenders in connection with the origination and the servicing of mortgage loans by numerous federal and some state consumer protection laws. See "—Consumer Protection Laws" below.

Consumer Protection Laws

State laws applicable to mortgage loans generally regulate interest rates and other charges and require certain disclosures to borrowers. In addition, other state laws, public policy and general principles of equity relating to the protection of consumers, unfair and deceptive practices and debt collection practices may apply to the origination, servicing and collection of mortgage loans. Depending upon 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 Servicer to collect all or part of the principal of or interest on the Mortgage Loans, may entitle borrowers to a refund of amounts previously paid and could subject the Trust to damages.

Mortgage loans are also subject to various federal laws, including (i) the Truth in Lending Act and Regulation Z promulgated thereunder, which require particular disclosures to borrowers regarding the terms of mortgage loans; (ii) the Equal Credit Opportunity Act and Regulation B promulgated thereunder, which prohibit discrimination on the basis of age, race, color, sex, religion, marital status, national origin, receipt of public assistance or the exercise of any right under the Consumer Credit Protection Act, in the extension of credit; (iii) the Americans with Disabilities Act, which, among other things, prohibits discrimination on the basis of disability in the full and equal enjoyment of the goods, services, facilities, privileges, advantages or accommodations of any place of public accommodation; and (iv) the Fair Credit Reporting Act, which regulates the use and reporting of information related to borrowers' credit experience. Violations of certain provisions of these federal laws may limit the ability of the Servicer to collect all or part of the principal of or interest on the Mortgage Loans and in addition could subject the Trust to damages.

The Mortgage Loans may be subject to the Home Ownership and Equity Protection Act of 1994, as amended ("HOEPA") which amended the Truth in Lending Act as it applies to mortgages loans. HOEPA requires additional disclosures to borrowers, specifies the timing of these disclosures and limits or prohibits inclusion of some provisions in mortgage loans subject to HOEPA. HOEPA also provides that any purchaser or assignee of a mortgage loan covered by HOEPA is subject to all of the claims and defenses which the borrower could assert against the original lender. The maximum damages that may be recovered under HOEPA from an assignee are limited to the remaining amount of indebtedness plus the total amount paid by the borrower in connection with the related mortgage loan. If the Trust includes Mortgage Loans subject to HOEPA, it will be subject to all of the claims and defenses that the borrower could assert against the original lenders. In addition, some states have enacted, or may enact, similar laws or regulations, which in some cases impose restrictions and requirements greater than those in HOEPA.

As described herein, the Seller will represent and warrant that, to its knowledge, each Mortgage Loan was originated in accordance with all applicable federal and state laws and regulations, including predatory and abusive lending laws, and will be obligated to repurchase any Mortgage Loan as to which a breach of such representation and warranty is discovered (without regard to the Seller's knowledge) if such breach has a material adverse affect on the value of such Mortgage Loan or the interest of the Certificateholders therein.

Environmental Considerations

A lender may be subject to unforeseen environmental risks when taking a security interest in real or personal property. Property subject to a security interest may be subject to federal, state and local laws and regulations relating to environmental protection. These laws may regulate, among other things: emissions of air pollutants; discharges of wastewater or storm water; generation, transport, storage or disposal of hazardous waste or hazardous substances; operation, closure and removal of underground storage tanks; removal and disposal of asbestos-containing materials; and/or management of electrical or

other equipment containing polychlorinated biphenyls (“PCBs”). Failure to comply with these laws and regulations may result in significant penalties, including civil and criminal fines. Under the laws of some states, environmental contamination on a property may give rise to a lien on the property to ensure the availability and/or reimbursement of cleanup costs. Generally all subsequent liens on that property are subordinated to the environmentally-related lien and, in some states, even prior recorded liens are subordinated to these liens (“Superliens”). In the latter states, the security interest of the trustee in a property that is subject to a Superlien could be adversely affected.

Under the federal Comprehensive Environmental Response, Compensation and Liability Act, as amended (“CERCLA”), and under state law in some states, a secured party that takes a deed in lieu of foreclosure, purchases a mortgaged property at a foreclosure sale, operates a mortgaged property or undertakes certain types of activities that may constitute management of the mortgaged property may become liable in certain circumstances for the cleanup costs of remedial action if hazardous wastes or hazardous substances have been released or disposed of on the property. These cleanup costs may be substantial. CERCLA imposes strict, as well as joint and several, liability for environmental remediation and/or damage costs on several classes of “potentially responsible parties,” including current “owners and/or operators” of property, irrespective of whether those owners or operators caused or contributed to the contamination on the property. In addition, owners and operators of properties that generate hazardous substances that are disposed of at other “off-site” locations may be held strictly, jointly and severally liable for environmental remediation and/or damages at those off-site locations. Many states also have laws that are similar to CERCLA. Liability under CERCLA or under similar state law could exceed the value of the property itself as well as the total assets of the property owner.

Although certain provisions of the Asset Conservation Act (as defined herein) apply to trusts and fiduciaries, the law is somewhat unclear as to whether and under what precise circumstances cleanup costs, or the obligation to take remedial actions, could be imposed on a secured lender, such as the Trust. Under the laws of some states and under CERCLA, a lender may be liable as an “owner or operator” for costs of addressing releases or threatened releases of hazardous substances on a mortgaged property if that lender or its agents or employees have “participated in the management” of the operations of the borrower, even though the environmental damage or threat was caused by a prior owner or current owner or operator or other third party. Excluded from CERCLA’s definition of “owner or operator” is a person “who without participating in the management of . . . [the] facility, holds indicia of ownership primarily to protect his security interest” (the “secured-creditor exemption”). This exemption for holders of a security interest such as a secured lender applies only to the extent that a lender seeks to protect its security interest in the contaminated facility or property. Thus, if a lender’s activities begin to encroach on the actual management of that facility or property, the lender faces potential liability as an “owner or operator” under CERCLA. Similarly, when a lender forecloses and takes title to a contaminated facility or property, the lender may incur potential CERCLA liability in various circumstances, including among others, when it holds the facility or property as an investment (including leasing the facility or property to a third party), fails to market the property in a timely fashion or fails to properly address environmental conditions at the property or facility.

The Resource Conservation and Recovery Act, as amended (“RCRA”), contains a similar secured-creditor exemption for those lenders who hold a security interest in a petroleum underground storage tank (“UST”) or in real estate containing a UST, or that acquire title to a petroleum UST or facility or property on which a UST is located. As under CERCLA, a lender may lose its secured-creditor exemption and be held liable under RCRA as a UST owner or operator if that lender or its employees or agents participate in the management of the UST. In addition, if the lender takes title to or possession of the UST or the real estate containing the UST, under certain circumstances the secured-creditor exemption may be deemed to be unavailable.

The Asset Conservation Lender Liability and Deposit Insurance Protection Act of 1996 (the “Asset Conservation Act”) was intended to clarify the scope of the secured creditor exemption under both CERCLA and RCRA. The Asset Conservation Act more explicitly defined the kinds of “participation in management” that would trigger liability under CERCLA and specified certain activities that would not constitute “participation in management” or otherwise result in a forfeiture of the secured-creditor exemption before foreclosure or during a workout period. The Asset Conservation Act also clarified the extent of protection against liability under CERCLA in the event of foreclosure and authorized certain regulatory clarifications of the scope of the secured-creditor exemption for purposes of RCRA, similar to the statutory protections under CERCLA. However, because the courts have not yet had the opportunity to extensively interpret the statutory provisions, the scope of the additional protections offered by the Asset Conservation Act is not fully defined. It also is important to note that the Asset Conservation Act does not offer complete protection to lenders and that the risk of liability remains.

If a secured lender does become liable, it may be entitled to bring an action for contribution against the owner or operator who created the environmental contamination or against some other liable party, but that person or entity may be bankrupt or otherwise judgment-proof. It is therefore possible that cleanup or other environmental liability costs could become a liability of the Trust and occasion a loss to the Trust and to securityholders in certain circumstances. The new secured creditor amendments to CERCLA, also, would not necessarily affect the potential for liability in actions by either a state or a private party under other federal or state laws that may impose liability on “owners or operators” but do not incorporate the secured-creditor exemption.

Subordinate Financing

Where a borrower encumbers mortgaged property with one or more junior liens, the senior lender is subjected to additional risks, such as:

- The borrower may have difficulty repaying multiple loans. In addition, if the junior loan permits recourse to the borrower (as junior loans often do) and the senior loan does not, a borrower may be more likely to repay sums due on the junior loan than those on the senior loan.
- Acts of the senior lender that prejudice the junior lender or impair the junior lender’s security may create a superior equity in favor of the junior lender. For example, if the borrower and the senior lender agree to an increase in the principal amount of or the interest rate payable on the senior loan, the senior lender may lose its priority to the extent any existing junior lender is harmed or the borrower is additionally burdened.
- If the borrower defaults on the senior loan and/or any junior loan or loans, the existence of junior loans and actions taken by junior lenders can impair the security available to the senior lender and can interfere with or delay the taking of action by the senior lender. Moreover, the bankruptcy of a junior lender may operate to stay foreclosure or similar proceedings by the senior lender.

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 will not apply to certain types of residential first mortgage loans originated by certain lenders after March 31, 1980. A similar federal statute was in effect for mortgage loans made during the first three months of 1980. The Office of Thrift Supervision is authorized to issue rules and regulations and to publish interpretations governing implementation of Title

V. The statute authorized any state to reimpose interest rate limits by adopting, before April 1, 1983, a law or constitutional provision that expressly rejects application of the federal law. 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. Some states have taken action to reimpose interest rate limits and/or to limit discount points or other charges.

In any state in which application of Title V has been expressly rejected or a provision limiting discount points or other charges is adopted, no mortgage loan originated after the date of that state action will be eligible for inclusion in the Mortgage Pool unless (i) the mortgage loan provides for the interest rate, discount points and charges as are permitted in that state or (ii) the mortgage loan provides that the terms thereof will be construed in accordance with the laws of another state under which the interest rate, discount points and charges would not be usurious and the borrower's counsel has rendered an opinion that the choice of law provision would be given effect.

Statutes differ in their provisions as to the consequences of a usurious loan. One group of statutes requires the lender to forfeit the interest due above the applicable limit or impose a specified penalty. Under this statutory scheme, the borrower may cancel the recorded mortgage or deed of trust upon paying its debt with lawful interest, and the lender may foreclose, but only for the debt plus lawful interest. A second group of statutes is more severe. A violation of this type of usury law results in the invalidation of the transaction, thereby permitting the borrower to cancel the recorded mortgage or deed of trust without any payment or prohibiting the lender from foreclosing.

Alternative Mortgage Instruments

Alternative mortgage instruments originated by non-federally chartered lenders have historically been subject to a variety of restrictions. Those restrictions differed from state to state, resulting in difficulties in determining whether a particular alternative mortgage instrument originated by a state-chartered lender was in compliance with applicable law. These difficulties were alleviated substantially as a result of the enactment of Title VIII of the Garn-St. Germain Act ("Title VIII"). Title VIII provides that, notwithstanding any state law to the contrary, state-chartered banks may originate alternative mortgage instruments in accordance with regulations promulgated by the Comptroller of the Currency with respect to origination of alternative mortgage instruments by national banks; state-chartered credit unions may originate alternative mortgage instruments in accordance with regulations promulgated by the National Credit Union Administration with respect to origination of alternative mortgage instruments by federal credit unions; and all other non-federally chartered housing creditors, including state-chartered savings and loan associations, state-chartered savings banks and mutual savings banks and mortgage banking companies, may originate alternative mortgage instruments in accordance with the regulations promulgated by the Federal Home Loan Bank Board, predecessor to the Office of Thrift Supervision, with respect to origination of alternative mortgage instruments by federal savings and loan associations. Title VIII provides that any state may reject applicability of the provisions of Title VIII by adopting, before October 15, 1985, a law or constitutional provision expressly rejecting the applicability of those provisions. Some states have taken that action.

Servicemembers Civil Relief Act

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 mortgage loan (including a borrower who was in reserve status and is called to active duty after origination of the mortgage loan): (a) is entitled to have interest rates reduced and capped at 6% per annum (and all interest in excess of 6% per annum forgiven), unless a court orders otherwise upon application of the lender, (b) may be entitled to a stay of proceedings on any kind of foreclosure or repossession action in the case of defaults on the obligations

entered into prior to military service and (c) may have the maturity of the obligations incurred prior to military service extended, the payments lowered and the payment schedule readjusted for a period of time after the completion of active duty status. The Relief Act applies to borrowers who are members of the Army, Navy, Air Force, Marines, National Guard, Reserves, Coast Guard and officers of the U.S. Public Health Service assigned to duty with the military. Because the Relief Act applies to borrowers who enter military service (including reservists who are called to active duty) after origination of the related mortgage loan, no information can be provided as to the number of loans that may be affected by the Relief Act.

Application of the Relief Act could adversely affect, for an indeterminate period of time, the ability of the Servicer to collect full amounts of interest on affected Mortgage Loans, and none of the Servicer, the Master Servicer or the Trustee would be required to advance such amounts. Any shortfalls in interest collections resulting from the application of the Relief Act would result in a reduction of the amounts distributable to the holders of the Certificates. In addition, application of the Relief Act may result in, if an affected Mortgage Loan goes into default, delays and losses caused by any stay of proceedings on any kind of foreclosure or repossession action.

In addition, certain persons not covered by the Relief Act may be eligible for similar loan payment relief under applicable state law.

Forfeitures in Drug and RICO Proceedings

Federal law provides that property owned by persons convicted of drug-related crimes or of criminal violations of the Racketeer Influenced and Corrupt Organizations (“RICO”) statute can be seized by the government if the property was used in, or purchased with the proceeds of, those crimes. Under procedures contained in the Comprehensive Crime Control Act of 1984 (the “Crime Control Act”), the government may seize the property even before conviction. The government must publish notice of the forfeiture proceeding and may give notice to all parties “known to have an alleged interest in the property,” including the holders of mortgage loans.

A lender may avoid forfeiture of its interest in a mortgaged property if it establishes that: (1) its mortgage was executed and recorded before commission of the crime upon which the forfeiture is based, or (2) the lender was, at the time of execution of the mortgage, “reasonably without cause to believe” that the property was used in, or purchased with the proceeds of, illegal drug or RICO activities.

IRS Circular 230 Notice

The Treasury Department recently revised Circular 230, containing regulations that may apply to the summaries of federal income tax and ERISA provisions set out below. In light of Circular 230, you should be aware that:

The discussions contained in this private placement memorandum as to tax considerations are not intended or written to be used, and cannot be used, for the purpose of avoiding United States federal income tax penalties. Such discussions are written to support the promotion or marketing of the transaction addressed in this private placement memorandum. Each taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.

The foregoing disclaimer has been provided to satisfy obligations under Circular 230, governing standards of practice before the Internal Revenue Service.

Material Federal Income Tax Considerations

The following is a general discussion of certain anticipated material federal income tax consequences of the purchase, ownership and disposition of the Offered Certificates. This discussion has been prepared with the advice of McKee Nelson LLP, special counsel to the depositor. This discussion is based on authorities that are subject to change or differing interpretations. Any such change or differing interpretation could be applied retroactively. No rulings have been or will be sought from the IRS with respect to any of the matters discussed below, and no assurance can be given that the views of the IRS with respect to those matters will not differ from that described below.

This discussion is directed solely to Certificateholders that purchase Offered Certificates at issuance and hold them as “capital assets” within the meaning of Section 1221 of the Code. The discussion does not purport to cover all federal income tax consequences applicable to particular investors, some of which may be subject to special rules. Investors subject to such special rules include dealers in securities, certain traders in securities, financial institutions, tax-exempt organizations, insurance companies, persons who hold Offered Certificates as part of a hedging transaction or as a position in a straddle or conversion transaction, persons whose functional currency is not the U.S. dollar, or persons who elect to treat gain recognized on the disposition of an Offered Certificate as investment income under Section 163(d)(4)(B)(iii) of the Code.

This discussion is based in part on the regulations applicable to original issue discount (the “OID Regulations”) and in part on the provisions of the Tax Reform Act of 1986 (the “1986 Act”). Prospective investors should be aware, however, that the OID Regulations do not adequately address certain issues relevant to prepayable securities, such as the Offered Certificates. To the extent that those issues are not addressed in the OID Regulations, the Trustee intends to apply the methodology described in the Conference Committee Report to the 1986 Act. No assurance can be provided that the IRS will not take a different position as to those matters not currently addressed by the OID Regulations. Moreover, the OID Regulations include an anti-abuse rule allowing the IRS to apply or depart from the OID Regulations where necessary or appropriate to ensure a reasonable tax result because of the applicable statutory provisions. A tax result will not be considered unreasonable under the anti-abuse rule in the absence of a substantial effect on the present value of a taxpayer’s tax liability. Prospective investors are encouraged to consult their own tax advisors as to the discussion therein and the appropriate method for reporting interest and original issue discount (“OID”) with respect to the Offered Certificates.

In addition, this discussion does not address the state, local or other tax consequences of the purchase, ownership and disposition of the Offered Certificates. We recommend that you consult your own tax advisor in determining the state, local and other tax consequences of the purchase, ownership and disposition of the Offered Certificates.

In this discussion, when we use the term:

- “Certificateholder,” we mean any person holding a beneficial ownership interest in an Offered Certificate;
- “Code,” we mean the Internal Revenue Code of 1986, as amended;
- “IRS,” we mean the Internal Revenue Service;
- “AFR,” we mean the applicable federal rate, which is an average of current yields for U.S. Treasury securities with specified ranges of maturities and which is computed and published monthly by the IRS for use in various tax calculations;

- “Foreign Person,” we mean any person other than a U.S. Person; and
- “U.S. Person,” we mean (i) a citizen or resident of the United States; (ii) a corporation (or entity treated as a corporation for tax purposes) created or organized in the United States or under the laws of the United States or of any state thereof, including, for this purpose, the District of Columbia; (iii) a partnership (or entity treated as a partnership for tax purposes) organized in the United States or under the laws of the United States or of any state thereof, including, for this purpose, the District of Columbia (unless provided otherwise by future Treasury regulations); (iv) an estate whose income is includible in gross income for United States income tax purposes regardless of its source; or (v) 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 U.S. Persons have authority to control all substantial decisions of the trust. Notwithstanding the preceding clause, to the extent provided in Treasury regulations, certain trusts that were in existence on August 20, 1996, that were treated as U.S. Persons prior to such date, and that elect to continue to be treated as U.S. Persons, also are U.S. Persons.

General

The Trust Agreement provides that a designated portion of the Trust Fund will comprise one or more Lower Tier REMICs and a single Upper Tier REMIC in a tiered structure. Each of the Lower Tier REMICs and the Upper Tier REMIC will designate a single class of interests as the residual interest in that REMIC. Each of the Class LT-R and Class R Certificates will represent ownership of the sole class of residual interests in one or more REMICs. Elections will be made to treat each of the Lower Tier REMICs and the Upper Tier REMIC as a REMIC for federal income tax purposes.

Upon the issuance of the Offered Certificates, Tax Counsel will deliver its opinion to the effect that, assuming compliance with the Trust Agreement, each of the Lower Tier REMICs and the Upper Tier REMIC will qualify as a REMIC within the meaning of Section 860D of the Code. In addition, Tax Counsel will deliver an opinion to the effect that each of the Basis Risk Reserve Fund and the Supplemental Interest Trust is an “outside reserve fund.”

Tax Treatment of the Offered Certificates

For federal income tax purposes, a beneficial owner of an Offered Certificate will be treated (i) as holding an undivided interest in a REMIC regular interest corresponding to that certificate and (ii) as having entered into a Cap Contract. The REMIC regular interest corresponding to an Offered Certificate will be entitled to receive interest and principal payments at the times and in the amounts equal to those made on the Offered Certificate to which it corresponds, except that (i) any Swap Termination Payment will be treated as being payable solely from Monthly Excess Cashflow and (ii) the maximum interest rate of the corresponding REMIC regular interest will equal the weighted average of the Pool 1 Net Funds Cap and the Pool 2 Net Funds Cap, weighted on the basis of the Pool Balance of each Mortgage Pool and computed for this purpose by limiting the Scheduled Notional Amount of the Swap Agreement to the Pool Balance. As a result of the foregoing, the amount of distributions on the REMIC regular interest corresponding to an Offered Certificate may exceed, or may be less than, the actual amount of distributions on the Offered Certificate.

Any amount payable on an Offered Certificate in excess of the amount payable on the corresponding REMIC regular interest will be deemed to have been paid to the holder of that Offered Certificate pursuant to the Cap Contract. Alternatively, any amount payable on the REMIC regular interest corresponding to an Offered Certificate in excess of the amount payable on the Offered Certificate will be treated as having been received by the holder of that Offered Certificate and then as

having been paid by such holder pursuant to the Cap Contract. Consequently, each beneficial owner of an Offered Certificate will be required to report income accruing with respect to the REMIC regular interest component as discussed under “—Taxation of REMIC Regular Interests” below. In addition, each beneficial owner of an Offered Certificate will be required to report net income with respect to the Cap Contract component and will be permitted to recognize a net deduction with respect to the Cap Contract component, subject to the discussion under “—The Cap Contract Components” below. Prospective investors are encouraged to consult their own tax advisors regarding the consequences to them in light of their own particular circumstances of taxing separately the two components comprising each Offered Certificate.

Allocations. A beneficial owner of an Offered Certificate must allocate its purchase price for the certificate between its components—the REMIC regular interest component and the Cap Contract component.

For information reporting purposes, pursuant to the Trust Agreement, the Trustee will assume that the Cap Contract components will have nominal value or such other value as specified in the Trust Agreement. The Cap Contract is difficult to value, and the IRS could assert that the value of a Cap Contract component as of the Closing Date is greater than the value used for information reporting purposes. Prospective investors should consider the tax consequences to them if the IRS were to assert a different value for the Cap Contract components.

Upon the sale, exchange, or other disposition of an Offered Certificate, the beneficial owner of the certificate must allocate the amount realized between the components of the certificate based on the relative fair market values of those components at the time of sale and must treat the sale, exchange or other disposition as a sale, exchange or disposition of the REMIC regular interest component and the Cap Contract component. Assuming that the Offered Certificate is held as a “capital asset” within the meaning of Section 1221 of the Code, gain or loss on the disposition of an interest in the Cap Contract component should be capital gain or loss. For a discussion of the material federal income tax consequences to a beneficial owner upon the disposition of a REMIC regular interest, see “—Taxation of REMIC Regular Interests” below.

The Cap Contract Components. The portion of the overall purchase price of an Offered Certificate attributable to the Cap Contract component must be amortized over the life of such 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 is amortized over the life of the cap as though it were the principal amount of a loan bearing interest at a reasonable rate. Prospective investors are urged to consult their tax advisors concerning the methods that can be employed to amortize the portion of the purchase price paid for the Cap Contract component of an Offered Certificate.

Any payments to a beneficial owner of an Offered Certificate of Basis Risk Shortfalls or Unpaid Basis Risk Shortfalls will be treated as periodic payments on an interest rate cap contract. To the extent the sum of such periodic payments for any year exceeds that year’s amortized cost of the Cap Contract component, such excess represents net income for that year. Conversely, to the extent that the amount of that year’s amortized cost exceeds the sum of the periodic payments, such excess will represent a net deduction for that year. Although not clear, net income or a net deduction with respect to the Cap Contract should be treated as ordinary income or as an ordinary deduction.

A beneficial owner’s ability to recognize a net deduction with respect to the Cap Contract component is limited under Sections 67 and 68 of the Code in the case of (i) estates and trusts and

(ii) individuals owning an interest in such component directly or through a “pass through entity” (other than in connection with such individual’s trade or business). Pass through entities include partnerships, S corporations, grantor trusts and non publicly offered regulated investment companies, but do not include estates, nongrantor trusts, cooperatives, real estate investment trusts and publicly offered regulated investment companies. Further, such a beneficial owner will not be able to recognize a net deduction with respect to the Cap Contract component in computing the beneficial owner’s alternative minimum tax liability.

Taxation of REMIC Regular Interests

Interest Income and OID. The REMIC regular interest components of the Offered Certificates generally will be treated for federal income tax purposes as debt instruments issued by the REMIC. You should be aware, however, that although you normally would take interest income on a debt instrument into account under your regular method of accounting, you must include interest accrued on a REMIC regular interest component of an Offered Certificate in income under the accrual method of accounting regardless of the method of accounting you otherwise use for tax purposes.

The REMIC regular interest component of certain classes of Offered Certificates may be treated as having been issued with OID. A debt instrument is issued with OID to the extent its stated redemption price at maturity exceeds its issue price by more than a *de minimis* amount. The *de minimis* amount for the REMIC regular interest component of a class of Offered Certificates equals the product of (1) 0.25 percent, (2) the stated redemption price at maturity of the class and (3) the weighted average maturity of the class. Although not clear, the weighted average maturity should likely be computed by taking into account the prepayment assumption discussed below. A beneficial owner of an Offered Certificate generally must report *de minimis* OID with respect to the REMIC regular interest component of that Offered Certificate *pro rata* as principal payments are received, and that income will be capital gain if the Offered Certificate is held as a capital asset.

For OID purposes, the issue price of the REMIC regular interest component of a class of Offered Certificates generally is the first price at which a substantial amount of the Certificates of that class is sold to the public (excluding bond houses, brokers and underwriters). Although unclear under the OID Regulations, it is anticipated that the Trustee will treat the issue price of the REMIC regular interest component of an Offered Certificate as to which there is no substantial sale as of the issue date, or that is retained by the depositor, as the fair market value of the REMIC regular interest component as of the issue date. The issue price of the REMIC regular interest component of an Offered Certificate also includes any amount paid for accrued interest that relates to the period before the issue date of the Offered Certificate, although a Certificateholder may elect on its federal income tax return to exclude that amount from the issue price and to recover it on the first distribution date.

The stated redemption price at maturity of a debt instrument includes all payments, other than interest unconditionally payable at fixed intervals of one year or less at either a fixed rate or a variable rate (“Qualified Stated Interest”). Interest is unconditionally payable only if either (1) reasonable legal remedies exist to compel the timely payment of interest or (2) the terms or conditions under which the debt instrument is issued make the late payment or nonpayment of interest a remote likelihood. Because the interest payable on the Offered Certificates may be deferred, it is possible that some or all of such interest may not be treated as unconditionally payable. Nevertheless, for tax information reporting purposes, the Trustee or other person responsible for tax information reporting will treat all stated interest on the REMIC regular interest component of each class of Offered Certificates as Qualified Stated Interest.

If, however, all or a portion of the stated interest payable on the REMIC regular interest component of a class of Offered Certificates is not Qualified Stated Interest, then the stated interest, or portion thereof, would be included in the REMIC regular interest component's stated redemption price at maturity. Qualified Stated Interest payable on the REMIC regular interest component of an Offered Certificate must be included in the income of the Certificateholder under an accrual method of accounting, regardless of the method otherwise used by the Certificateholder.

If the REMIC regular interest component of an Offered Certificate is issued with OID, the Certificateholder will be required to include in income, as ordinary income, the daily portion of such OID attributable to each day it holds such Offered Certificate. This requirement generally will result in the accrual of income before the receipt of cash attributable to that income.

The daily portion of such OID will be determined on a constant yield to maturity basis in accordance with Section 1272(a)(6) of the Code (the "PAC Method"). Under the PAC Method, the amount of OID allocable to any accrual period for a class of Offered Certificates will equal (1) the sum of (i) the adjusted issue price of the REMIC regular interest component of that class of Offered Certificates at the end of the accrual period and (ii) any payments made on the REMIC regular interest component of that class of Offered Certificates during the accrual period of amounts included in the stated redemption price at maturity of the REMIC regular interest component of that class of Offered Certificates, minus (2) the adjusted issue price of the REMIC regular interest component of that class of Offered Certificates at the beginning of the accrual period. The OID so determined is allocated ratably among the days in the accrual period to determine the daily portion for each such day.

The adjusted issue price of the REMIC regular interest component of a class of Offered Certificates at the beginning of its first accrual period will be its issue price. The adjusted issue price at the end of any accrual period (and, therefore, at the beginning of the subsequent accrual period) is determined by discounting the remaining payments due on the REMIC regular interest component of that class of Offered Certificates at their yield to maturity. The remaining payments due are determined based on the prepayment assumption made in pricing the Offered Certificates, but are adjusted to take into account the effect of payments actually made on the Trust's assets.

For this purpose, the yield to maturity of the REMIC regular interest component of a class of Offered Certificates is determined by projecting payments due on the REMIC regular interest component of that class of Offered Certificates based on a prepayment assumption made with respect to the Trust's assets. The yield to maturity of the REMIC regular interest component of a class of Offered Certificates is the discount rate that, when applied to the stream of payments projected to be made on that REMIC regular interest component as of its issue date, produces a present value equal to the issue price of that REMIC regular interest component. The Code requires that the prepayment assumption be determined in the manner prescribed in Treasury Department regulations. To date, no such regulations have been issued. The legislative history of the REMIC Provisions of the Code indicates that the regulations will provide that the assumed prepayment rate must be the rate used by the parties in pricing the particular transaction. The prepayment assumption to be used for tax reporting purposes with respect to the REMIC regular interest component of the Offered Certificates is 30% CPR. No representation, however, is made as to the rate at which principal payments on the Offered Certificates will occur.

Under the PAC Method, accruals of OID will increase or decrease (but never below zero) to reflect the fact that payments on the Trust's assets are occurring at a rate that is faster or slower than that assumed under the prepayment assumption. If the OID accruing on the REMIC regular interest component of a class of Offered Certificates is negative for any period, a beneficial owner of an Offered Certificate of that class will be entitled to offset such negative accruals only against future positive OID accruals on the REMIC regular interest component of that Offered Certificate.

Because the Offered Certificates, provide for interest based on a variable rate, the yield to maturity and future payments on the REMIC regular interest component of each such class of Offered Certificates generally will be determined by assuming that interest will be payable for the life of the REMIC regular interest component of the Certificate based on the initial rate.

Acquisition Premium. If a Certificateholder purchases the REMIC regular interest component of an Offered Certificate for a price that is greater than its adjusted issue price but less than its stated redemption price at maturity, the Certificateholder will have acquired the REMIC regular interest component at an “acquisition premium” as that term is defined in Section 1272(a)(7) of the Code. The Certificateholder must reduce future accruals of OID on the REMIC regular interest component by the amount of the acquisition premium. Specifically, a Certificateholder must reduce each future accrual of OID on the REMIC regular interest component by an amount equal to the product of the OID accrual and a fixed fraction, the numerator of which is the amount of the acquisition premium and the denominator of which is the OID remaining to be accrued on the REMIC regular interest component at the time the Certificateholder purchased the Offered Certificate. Certificateholders should be aware that this fixed fraction methodology will not always produce the appropriate recovery of acquisition premium in situations where stated interest on a REMIC regular interest component is included in the REMIC regular interest component’s stated redemption price at maturity because the total amount of OID remaining to be accrued on such a REMIC regular interest component at the time of purchase is not fixed.

Market Discount. If a purchaser acquires a REMIC regular interest component at a discount from its outstanding principal amount (or, if the REMIC regular interest component is issued with OID, its adjusted issue price), the purchaser will acquire the REMIC regular interest component with market discount (a “market discount bond”). If the market discount is less than a statutorily defined *de minimis* amount equal to the product of (i) 0.25 percent, (ii) the stated redemption price at maturity of the REMIC regular interest component and (iii) the remaining weighted average maturity of the REMIC regular interest component, the market discount will be considered to be zero. It appears that *de minimis* market discount would be reported in a manner similar to *de minimis* OID. See “—Interest Income and OID” above.

Treasury regulations interpreting the market discount rules have not yet been issued; therefore, we recommend that prospective investors consult their own tax advisors regarding the application of those rules and the advisability of making any of the elections described below.

Unless the beneficial owner of a market discount bond elects under Section 1278(b) of the Code to include market discount in income as it accrues, any principal payment (whether a scheduled payment or a prepayment) or any gain on disposition of the market discount bond will be treated as ordinary income to the extent that it does not exceed the accrued market discount at the time of such payment. If the beneficial owner makes the election under Section 1278(b) of the Code, the election will apply to all market discount bonds acquired by the beneficial owner at the beginning of the first taxable year to which the election applies and all market discount bonds thereafter acquired by it. The election may be revoked only with the consent of the IRS.

The Code grants the Treasury Department authority to issue regulations providing for the computation of accrued market discount on debt instruments, such as the REMIC regular interest component of the Offered Certificates, the principal of which is payable in more than one installment, but no regulations have been issued. The relevant legislative history provides that, until such regulations are issued, the beneficial owner of a market discount bond may elect to accrue market discount either on the basis of a constant interest rate or according to a *pro rata* method described in the legislative history. Under that method, the amount of market discount that accrues in any accrual period in the case of the REMIC regular interest component of an Offered Certificate issued with OID equals the product of (i) the

market discount that remains to be accrued as of the beginning of the accrual period and (ii) a fraction, the numerator of which is the OID accrued during the accrual period and the denominator of which is the sum of the OID accrued during the accrual period and the amount of OID remaining to be accrued as of the end of the accrual period. In the case of the REMIC regular interest component of an Offered Certificate that was issued without OID, the amount of market discount that accrues in any accrual period will equal the product of (i) the market discount that remains to be accrued as of the beginning of the accrual period and (ii) a fraction, the numerator of which is the amount of stated interest accrued during the accrual period and the denominator of which is the total amount of stated interest remaining to be accrued at the beginning of the accrual period. For purposes of determining the amount of OID or interest remaining to be accrued with respect to the REMIC regular interest component of a class of Offered Certificates, the prepayment assumption applicable to calculating the accrual of OID on such REMIC regular interest component applies.

If a beneficial owner of a REMIC regular interest component incurred or continues indebtedness to purchase or hold a REMIC regular interest component with market discount, the beneficial owner may be required to defer a portion of its interest deductions for the taxable year attributable to any such indebtedness. Any such deferred interest expense would not exceed the market discount that accrues during such taxable year and is, in general, allowed as a deduction not later than the year in which such market discount is includible in income. If such beneficial owner elects to include market discount in income currently as it accrues under Section 1278(b) of the Code, the interest deferral rule will not apply.

Amortizable Bond Premium. A purchaser of an Offered Certificate that purchases the REMIC regular interest component of the Certificate for an amount (net of accrued interest) greater than its stated redemption price at maturity will have premium with respect to that REMIC regular interest component in the amount of the excess. Such a purchaser need not include in income any remaining OID with respect to that REMIC regular interest component and may elect to amortize the premium under Section 171 of the Code. If a Certificateholder makes this election, the amount of any interest payment that must be included in the Certificateholder's income for each period will be reduced by a portion of the premium allocable to the period based on a constant yield method. In addition, the relevant legislative history states that premium should be amortized in the same manner as market discount. The election under Section 171 of the Code also will apply to all debt instruments (the interest on which is not excludable from gross income) held by the Certificateholder at the beginning of the first taxable year to which the election applies and to all such taxable debt instruments thereafter acquired by it. The election may be revoked only with the consent of the IRS.

Election to Treat All Interest as OID. The OID Regulations permit a beneficial owner of an Offered Certificate to elect to accrue all interest, discount (including *de minimis* OID and *de minimis* market discount), and premium with respect to the REMIC regular interest component in income as interest, based on a constant yield method (a "constant yield election"). It is unclear whether, for this purpose, the initial prepayment assumption would continue to apply or if a new prepayment assumption as of the date of the Certificateholder's acquisition would apply. If such an election were to be made and the REMIC regular interest component of the Offered Certificates were acquired at a premium, such a Certificateholder would be deemed to have made an election to amortize bond premium under Section 171 of the Code, which is described above. Similarly, if the Certificateholder had acquired the REMIC regular interest component of the Offered Certificates with market discount, the Certificateholder would be considered to have made the election in Section 1278(b) of the Code, which is described above. A constant yield election may be revoked only with the consent of the IRS.

Treatment of Losses. Certificateholders will be required to report income with respect to Offered Certificates on the accrual method without giving effect to delays and reductions in distributions attributable to defaults or delinquencies on any of the Trust's assets, except possibly, in the case of

income that constitutes Qualified Stated Interest, to the extent that it can be established that such amounts are uncollectible. In addition, potential investors are cautioned that while they may generally cease to accrue interest income if it reasonably appears that the interest will be uncollectible, the IRS may take the position that OID must continue to be accrued in spite of its uncollectibility until the Offered Certificate is disposed of in a taxable transaction or becomes worthless in accordance with the rules of Section 166 of the Code. As a result, the amount of income required to be reported by a Certificateholder in any period could exceed the amount of cash distributed to such Certificateholder in that period.

Although not entirely clear, it appears that: (a) a Certificateholder who holds an Offered Certificate in the course of a trade or business or a Certificateholder that is a corporation generally should be allowed to deduct as an ordinary loss any loss sustained on account of the Offered Certificate's partial or complete worthlessness and (b) a noncorporate Certificateholder who does not hold the Offered Certificate in the course of a trade or business generally should be allowed to deduct as a short-term capital loss any loss sustained on account of the Offered Certificate's complete worthlessness. Certificateholders should consult their own tax advisors regarding the appropriate timing, character and amount of any loss sustained with respect to an Offered Certificate, particularly subordinated Offered Certificates.

Sale or Other Disposition. If a beneficial owner of an Offered Certificate sells, exchanges or otherwise disposes of the Offered Certificate, or the Offered Certificate is redeemed, the beneficial owner will recognize gain or loss with respect to the REMIC regular interest component in an amount equal to the difference between the amount realized by the beneficial owner with respect to the REMIC regular interest component upon the sale, exchange, redemption or other disposition and the beneficial owner's adjusted tax basis in the REMIC regular interest component. The adjusted tax basis of a REMIC regular interest component to a particular beneficial owner generally will equal the beneficial owner's cost for the REMIC regular interest component, increased by any market discount and OID previously included by such beneficial owner in income with respect to the REMIC regular interest component and decreased by the amount of bond premium, if any, previously amortized and by the amount of payments that are part of the REMIC regular interest component's stated redemption price at maturity previously received by such beneficial owner. Any such gain or loss will be capital gain or loss if the REMIC regular interest component 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.

Gain from the sale of a REMIC regular interest component that might otherwise be treated as capital gain will be treated as ordinary income to the extent that such gain does not exceed the excess of (1) the amount that would have been includible in the Certificateholder's income had the income accrued at a rate equal to 110 percent of the AFR as of the date of purchase, over (2) the amount actually includible in such Certificateholder's income.

Foreign Persons

Interest (including OID) paid to or accrued by a beneficial owner of an Offered Certificate who is a Foreign Person generally will be considered "portfolio interest" and generally will not be subject to United States federal income tax or withholding tax, *provided* 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 (i) is not actually or constructively a 10 percent shareholder of the holder of a Class LT-R or Class R Certificate or a controlled foreign corporation with respect to which the holder of a Class LT-R or Class R Certificate is a related person (all within the meaning of the Code) and (ii) provides the Trustee or other person who is otherwise required to withhold U.S. tax with respect to the Offered Certificates (the "withholding agent") with an appropriate statement on Form W-8BEN (Certificate of Foreign Status of

Beneficial Owner for United States Tax Withholding). If an Offered Certificate 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 provided by the Foreign Person that owns the Offered Certificate. If the information shown on Form W-8BEN changes, a new Form W-8BEN must be filed. If the foregoing requirements are not met, then interest (including OID) on the Offered Certificates 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.

Under Treasury regulations relating to withholding obligations, a payment to a foreign partnership is treated, with some exceptions, as a payment directly to the partners, so that the partners are required to provide any required certifications. We recommend that Foreign Persons that intend to hold an Offered Certificate through a partnership or other pass-through entity consult their own tax advisors regarding the application of those Treasury regulations to an investment in an Offered Certificate.

Any capital gain realized on the sale, redemption, retirement or other taxable disposition of an Offered Certificate by a Foreign Person will be exempt from United States federal income and withholding tax, provided that (i) such gain is not effectively connected with the conduct of a trade or business in the United States by the Foreign Person and (ii) in the case of a Foreign Person who is an individual, the Foreign Person is not present in the United States for 183 days or more in the taxable year.

Information Reporting

Payments of interest (including OID, if any) on an Offered Certificate held by a U.S. Person other than a corporation or other exempt holder are required to be reported to the IRS. Moreover, the Trust is required to make available to Certificateholders information concerning the amount of OID and Qualified Stated Interest accrued for each accrual period for which the Offered Certificates are outstanding, the adjusted issue price of the Offered Certificates as of the end of each accrual period, and information to enable a Certificateholder to compute accruals of market discount or bond premium using the *pro rata* method described under “—Market Discount” above.

Payments of interest (including OID, if any) on an Offered Certificate held by a Foreign Person are required to be reported annually on IRS Form 1042-S, which the withholding agent must file with the IRS and furnish to the recipient of the income.

Taxes on a REMIC

A REMIC is subject to tax at a rate of 100 percent on the net income the REMIC derives from prohibited transactions. In general, a “prohibited transaction” means the disposition of a qualified mortgage other than pursuant to certain specified exceptions, the receipt of income from a source other than a qualified mortgage or certain other permitted investments, the receipt of compensation for services, or gain from the disposition of an asset purchased with the payments on the qualified mortgages for temporary investment pending distribution on the Offered Certificates. The Code also imposes a 100 percent tax on the value of any contribution of assets to the REMIC after the closing date other than pursuant to specified exceptions, and subjects “net income from foreclosure property” to tax at the highest corporate rate. We do not anticipate that any REMIC will engage in any such transactions or receive any such income.

If an entity elects to be treated as a REMIC but fails to comply with one or more of the ongoing requirements of the Code for REMIC status during any taxable year, the entity will not qualify as a REMIC for such year and thereafter. In this event, the entity may be subject to taxation as a separate

corporation, and the REMIC regular interest components of the Offered Certificates issued by the entity may not be accorded the status described under “—Special Tax Attributes” below. In the case of an inadvertent termination of REMIC status, the Treasury Department has authority to issue regulations providing relief; however, sanctions, such as the imposition of a corporate tax on all or a portion of the entity’s income for the period during which the requirements for REMIC status are not satisfied, may accompany any such relief.

Special Tax Attributes

The REMIC regular interest components of Offered Certificates will be treated as assets described in Section 7701(a)(19)(C) of the Code, and as “real estate assets” under Section 856(c)(5)(B) of the Code, generally, in the same proportion that the assets of the Trust Fund, exclusive of the assets not included in any REMIC, would be so treated. In addition, the interest derived from the REMIC regular interest component of an Offered Certificate will be interest on obligations secured by interests in real property for purposes of section 856(c)(3) of the Code, subject to the same limitation in the preceding sentence. If at any time during a calendar year less than 95 percent of the assets of a REMIC consist of “real estate assets,” then the portion of the REMIC regular interest components of the Offered Certificates that are real estate assets under Section 856(c)(5)(B) during the calendar year will be limited to the portion of the assets of the REMIC that are real estate assets.

The Cap Contract components of the Offered Certificates will not qualify, however, as an asset described in Section 7701(a)(19)(C) of the Code, as a real estate asset under Section 856(c)(5)(B) of the Code or as a “qualified mortgage” within the meaning of Section 860G(a)(3) of the Code. As a result, the Offered Certificates generally will not be a suitable investment for a REMIC.

The determination as to the percentage of the REMIC’s assets that constitute assets described in the foregoing sections of the Code will be made for each calendar quarter based on the average adjusted basis of each category of the assets held by the REMIC during that calendar quarter. The REMIC will report those determinations in the manner and at the times required by applicable Treasury regulations.

The assets of the REMIC will include, in addition to Mortgage Loans, payments on Mortgage Loans held pending distribution on the Certificates and property acquired by foreclosure held pending sale. Under the regulations applicable to REITs, Mortgage Loan payments held by the REMIC pending distribution are real estate assets for purposes of Section 856(c)(5)(B) of the Code. Furthermore, foreclosure property generally will qualify as real estate assets under Section 856(c)(5)(B) of the Code.

Backup Withholding

Distributions on Offered Certificates, as well as payment of proceeds from the sale of Offered Certificates, may be subject to the backup withholding tax under Section 3406 of the Code if recipients fail to furnish certain information, including their taxpayer identification numbers, or otherwise fail to establish an exemption from such tax. Any amounts deducted and withheld from a recipient would be allowed as a credit against such recipient’s federal income tax. Furthermore, certain penalties may be imposed by the IRS on a recipient that is required to supply information but that does not do so in the manner required.

Reportable Transactions

Pursuant to recently enacted legislation, a penalty in the amount of \$10,000 in the case of a natural person and \$50,000 in any other case is imposed on any taxpayer that fails to file timely an information return with the IRS with respect to a “reportable transaction” (as defined in Section 6011 of

the Code). The rules defining “reportable transactions” are complex and include transactions that result in certain losses that exceed threshold amounts. Prospective investors are encouraged to consult their own tax advisers regarding any possible disclosure obligations in light of their particular circumstances.

Legal Investment Considerations

The Senior Certificates and the Class M1, Class M2 and Class M3 Certificates (the “SMMEA Certificates”) will constitute “mortgage related securities” for purposes of the SMMEA for so long as they are rated in one of the two highest rating categories by one or more nationally recognized statistical rating agencies, and, as such, are legal investments for certain entities to the extent provided in SMMEA. Such investments, however, will be subject to general regulatory considerations governing investment practices under state and federal laws.

Institutions whose investment activities are subject to review by certain regulatory authorities may be or may become subject to restrictions, which may be retroactively imposed by such regulatory authorities, on the investment by such institutions in certain mortgage related securities. In addition, several states have adopted or may adopt regulations that prohibit certain state chartered institutions from purchasing or holding similar types of securities.

Accordingly, investors are encouraged to consult their own legal advisors to determine whether and to what extent the SMMEA Certificates may be purchased by such investors.

Classes of certificates 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 regulation to the same extent as, under applicable law, obligations issued by or guaranteed as to principal and interest by the United States or any of these entities. Under SMMEA, if a state enacted legislation prior to October 4, 1991 specifically limiting the legal investment authority of any such entities with respect to “mortgage related securities,” the SMMEA Certificates will constitute legal investments for entities subject to this legislation only to the extent provided therein. Approximately twenty-one states adopted the legislation prior to the October 4, 1991 deadline.

SMMEA also amended the legal investment authority of federally-chartered depository institution 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 any regulations 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), (whether or not the class of Securities under consideration for purchase constitutes a “mortgage related security”).

All depository institutions considering an investment in the Certificates (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 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" that are "high-risk mortgage securities" as defined in the Policy Statement. According to the Policy Statement, "high-risk mortgage securities" include securities such as the securities not entitled to distributions allocated to principal or interest, or subordinated 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 the 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 that may restrict or prohibit investment in securities that are not "interest bearing" or "income paying."

There may be other restrictions on the ability of certain investors, including depository institutions, either to purchase the Offered Certificates or to purchase Offered Certificates 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 Offered Certificates constitute legal investments for these investors.

Accounting Considerations

Various factors may influence the accounting treatment applicable to an investor's acquisition and holding of mortgage-backed securities. Accounting standards, and the application and interpretation of such standards, are subject to change from time to time. Investors are encouraged to consult their own accountants for advice as to the appropriate accounting treatment for the securities.

ERISA Considerations

General

Section 406 of ERISA prohibits, and Section 4975 of the Code imposes adverse tax consequences on, certain transactions between a pension, profit-sharing or other employee benefit plan or other retirement plan or arrangement that is subject to Section 406 of ERISA or Section 4975 of the Code, including a so-called "Keogh" plan, or an individual retirement account, educational savings account or any entity deemed to hold the assets of the foregoing, including insurance company general and separate accounts (each a "Plan"). ERISA also imposes certain duties on persons who are fiduciaries of Plans subject to ERISA, including the requirements of investment prudence and diversification, and the requirement that investments of any such Plan be made in accordance with the documents governing the Plan. 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.

Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), and certain church plans (as defined in Section 3(33) of ERISA) if no election has been made under Section 410(d) of the Code, are not subject to ERISA requirements. Accordingly, assets of those plans may be invested in the Offered Certificates, subject to the provisions of applicable federal law, and in the case of any plan that is qualified under Section 401(a) of the Code and exempt from taxation under Section 501(a) of the Code, the restrictions imposed under Section 503 of the Code. Governmental plans are not subject to ERISA requirements but may be subject to state or local laws substantially similar to ERISA or Section 4975 of the Code ("Similar Law").

In addition to imposing general fiduciary standards, ERISA and Section 4975 of the Code prohibit a broad range of “prohibited transactions” involving assets of Plans and, as relevant here, the acquisition, holding and disposition of certificates between a Plan and persons that are “parties in interest” as described in Section 3(14) of ERISA or “disqualified persons” as described in Section 4975 of the Code (collectively, “parties in interest”) with respect to such Plan and impose taxes and/or other penalties under ERISA and/or Section 4975 of the Code on such transactions, unless a statutory or regulatory exception or administrative exemption applies.

In addition, certain transactions involving the assets of a trust might be deemed to constitute prohibited transactions under ERISA and the Code with respect to a Plan that purchases certificates issued by that trust if assets of the trust were deemed to be assets of the Plan. Under a regulation issued by the United States Department of Labor (the “DOL”) (the “Plan Assets Regulation”), the assets of a trust would be treated as plan assets of the Plan for the purposes of ERISA and Section 4975 of the Code only if the Plan acquires an “equity interest” in the trust and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest other than an interest which is treated as indebtedness under applicable local law and which has no substantial equity features. An Offered Certificate will normally be treated as an equity interest for these purposes.

Underwriter Exemption Applicable to Purchases of the ERISA Eligible Certificates

The DOL has granted an individual administrative exemptive relief to Lehman Brothers, Prohibited Transaction (“PTE”) 91-14 as most recently amended and restated by PTE 2002-41 (the so-called “Underwriter Exemption” or 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, holding and subsequent resale by Plans of asset-backed and mortgage-backed securities issued by entities, such as the Trust Fund, that hold certain fixed pools of receivables, loans and other obligations of the types held by the Trust Fund and the servicing, operation and management of the Trust Fund and its assets, provided that the conditions and requirements of the Exemption are met. The Exemption applies to Lehman Brothers when it or its affiliate acts as the sole underwriter, manager or co-manager of an underwriting syndicate or is the selling or placement agent of certificates that meet the terms and conditions generally described below (“Exemption Eligible Certificates”).

General Conditions of the Exemptions

Plans acquiring Exemption Eligible Certificates may be eligible for protection under the Exemption if:

- (1) at the time of the acquisition, the class of Exemption Eligible Certificates acquired by the Plan has received a rating in one of the four highest generic rating categories by S&P, Moody’s or Fitch (each a “Recognized Rating Agency”);
- (2) the Trustee is not an affiliate of any member of the “Restricted Group” other than Lehman Brothers. The “Restricted Group” includes, the Depositor, the Seller, Lehman Brothers, the Trustee, the Master Servicer, the Servicer, any insurer with respect to any group of Mortgage Loans, the obligor under any other form of credit enhancement or an obligor with respect to any obligation constituting more than five percent of the total unamortized principal balance of the assets of the Trust Fund on the date of issuance of the Exemption Eligible Certificates, or any affiliate of those parties;

(3) the class of Exemption Eligible Certificates acquired by the Plan is not subordinated to other classes of Certificates with respect to the right to receive distributions in the event of defaults or delinquencies on the underlying assets of the Trust Fund, unless none of the Mortgage Loans has a loan-to-value ratio or combined loan-to-value ratio at the date of issuance of the Exemption Eligible Certificates that exceeds 100% (i.e., “fully secured”);

(4) the Mortgage Loans held by the Trust Fund are fully secured (other than one-to-four family residential mortgage loans and home equity loans backing certain types of certificates in “designated transactions” described below);

(5) the Plan is an “accredited investor” within the meaning of Rule 501(a)(1) of Regulation D under the Securities Act;

(6) the acquisition of the Exemption Eligible Certificates by a Plan is on terms, including the price for the Exemption Eligible Certificates, that are at least as favorable to the Plan as they would be in an arm’s-length transaction with an unrelated party;

(7) the sum of all payments made to and retained by Lehman Brothers in connection with the placement of the Exemption Eligible Certificates represents not more than reasonable compensation for placing the Exemption Eligible Certificates;

(8) the sum of all payments made to and retained by the Depositor pursuant to the sale of the assets of the Trust Fund to the Trustee represents not more than the fair market value of those assets;

(9) the sum of all payments made to and retained by the Master Servicer and the Servicer represents not more than reasonable compensation for their services and reimbursement of their reasonable expenses; and

(10) assets of the type included as assets of the Trust Fund have been included in other investment pools; and certificates evidencing interests in those other pools have been both: (i) rated in one of the four (or in the case of a designated transaction, three) highest generic rating categories by a Recognized Rating Agency and (ii) purchased by investors other than Plans for at least one year prior to a Plan’s acquisition of Exemption Eligible Certificates in reliance upon the Exemption.

Designated Transactions

The Exemption permits residential (one- to four-family) and home equity loans to be less than fully secured, *provided* that the rights and interests evidenced by Exemption Eligible Certificates issued in such designated transactions are:

(1) not subordinated to the rights and interests evidenced by certificates of the same trust fund;

(2) such Exemption Eligible Certificates acquired by the Plan have received a rating from a Recognized Rating Agency at the time of such acquisition that is in one of the two highest generic rating categories; and

(3) any Mortgage Loan included in the corpus or assets of the trust fund is secured by collateral whose loan-to-value ratio or combined loan-to-value ratio at the time of issuance of the Exemption Eligible Certificates does not exceed 125%.

Limitations on Scope of Relief

The Exemption will not apply to a Plan's investment in otherwise Exemption Eligible Certificates if the Plan fiduciary responsible for the decision to invest in the Exemption Eligible Certificates is a borrower or obligor with respect to obligations representing no more than five percent of the fair market value of the obligations constituting the assets of the Trust Fund, or an affiliate of such an obligor, unless:

(1) in the case of an acquisition in connection with the initial issuance of the Exemption Eligible Certificates, at least 50% of each class of Exemption Eligible Certificates in which Plans have invested is acquired by persons independent of the Restricted Group and at least 50% of the aggregate interest in the Trust Fund is acquired by persons independent of the Restricted Group;

(2) the Plan's investment in any class of Exemption Eligible Certificates does not exceed 25% of the outstanding certificates of that class at the time of acquisition;

(3) immediately after the acquisition, no more than 25% of the Plan assets with respect to which the investing fiduciary has discretionary authority or renders investment advice are invested in Exemption Eligible Certificates evidencing interests in trusts sponsored or containing assets sold or serviced by the same entity; and

(4) the Plan is not sponsored by any member of the Restricted Group.

Whether the conditions of the Exemption will be satisfied as to the Exemption Eligible Certificates of any particular class will depend upon the relevant facts and the circumstances existing at the time the Plan acquires the Exemption Eligible Certificates. Any Plan investor that proposes to use assets of a Plan to acquire certificates in reliance upon the Exemption should determine whether the Plan satisfies all of the applicable conditions and consult with its counsel regarding other factors that may affect the applicability of the Exemption.

Applicability of Exemption to the Offered Certificates

The Offered Certificates other than the Class B1 and Class B2 Certificates should qualify as Exemption Eligible Certificates under the Exemption, considered without the rights to receive payments with respect to the Swap Agreement or the Interest Rate Cap Agreement.

Any person purchasing an Exemption Eligible Certificate and the right to receive payments with respect to the Swap Agreement or the Interest Rate Cap Agreement from the Supplemental Interest Trust will have acquired, for purposes of ERISA, the Exemption Eligible Certificate without the right to receive related payments from the Supplemental Interest Trust, together with the right to receive such payments. The Exemption may not apply to the acquisition, holding or resale of the right to receive certain payments from the Supplemental Interest Trust. Accordingly, the acquisition of the right to receive payments from the Supplemental Interest Trust by a Plan could result in a prohibited transaction unless another administrative exemption to ERISA's prohibited transaction rules is applicable. One or more alternative exemptions ("Investor-Based Exemptions") may be available with respect to the initial purchase, holding and resale of the right to receive payments from the Supplemental Interest Trust, including, but not limited to:

- Prohibited Transaction Class Exemption 91-38, regarding investments by bank collective investment funds;
- Prohibited Transaction Class Exemption 90-1, regarding investments by insurance company pooled separate accounts;
- Prohibited Transaction Class Exemption 84-14, regarding transactions negotiated by qualified professional asset managers;
- Prohibited Transaction Class Exemption 96-23, regarding transactions negotiated by in-house asset managers; or
- Prohibited Transaction Class Exemption 95-60, regarding investments by insurance company general accounts.

There is also a statutory exemption that may be available under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code to a party in interest that is a service provider to a Plan investing in the Exemption Eligible Certificates for adequate consideration, provided such service provider is not (i) not the fiduciary with respect to the Plan's assets used to acquire the Exemption Eligible Certificates or an affiliate of such fiduciary or (ii) an affiliate of the employer sponsoring the Plan.

Each beneficial owner of an Exemption Eligible Certificate or any interest therein shall be deemed to have represented, by virtue of its acquisition or holding of that certificate or interest therein, at least one Investor-Based Exemption or other applicable administrative or statutory exemption applies to the right to receive payments from the Supplemental Interest Trust. It should be noted that, as Prohibited Transaction Class Exemption 95-60 would cover the prohibited transactions discussed herein in connection with the Swap Agreement and the Interest Rate Cap Agreement, any Offered Certificate whose rating has fallen to below investment grade could be purchased by insurance company general accounts pursuant to such exemption. A Plan fiduciary should also consider its general fiduciary obligations under ERISA in determining whether to purchase any Exemption Eligible Certificates on behalf of a Plan in reliance upon the Exemption and the Investor-Based Exemptions.

The Class B1 and Class B2 Certificates will not qualify as Exemption Eligible Certificates under the Exemption because such Class B1 and Class B2 Certificates have not received a rating in one of the four highest generic rating categories by a Recognized Rating Agency. Each transferee of a Class B1 or Class B2 Certificate will either (x) represent that it (i) is not, and will not be, a Plan or a person acting on behalf of any such Plan or investing the assets of any such Plan to acquire a Class B1 or Class B2 Certificate or (ii) is an insurance company that is purchasing the Certificate with funds contained in an "insurance company general account" as defined in Section V(e) of Prohibited Transaction Class Exemption ("PTCE") 95-60 and the purchase and holding of the Certificate are covered under Sections I and III of PTCE 95-60 or (y) deliver to the Trustee an opinion of counsel (a "Benefit Plan Opinion") satisfactory to the Trustee, and upon which the Trustee, the Master Servicer, the Servicer and the Depositor shall be entitled to rely, to the effect that the purchase or holding of such Class B1 or Class B2 Certificate by the transferee will not result in any non-exempt prohibited transactions under Title I of ERISA or Section 4975 of the Code and will not subject the Trustee, the Master Servicer, the Servicer or the Depositor to any obligation in addition to those undertaken by such entities in the Trust Agreement, which opinion of counsel shall not be an expense of the Trust Fund or any of the above parties. In the case of a Class B1 or Class B2 Certificate in the form of a Book-Entry Certificate, the transferee will be deemed to have made all of the applicable representations set forth in (x) above.

Other Considerations

Any member of the Restricted Group, a borrower or obligor, or any of their affiliates might be considered or might become a party in interest with respect to a Plan. In that event, the acquisition or holding of certificates by, on behalf of or with assets of that Plan might be viewed as giving rise to a prohibited transaction under ERISA and Section 4975 of the Code, unless the Exemption or another exemption is available. Accordingly, before a Plan investor makes the investment decision to purchase, to commit to purchase or to hold certificates, the Plan investor should make its own determination as to whether the Exemption is applicable and adequate exemptive relief is available thereunder or whether any other prohibited transaction exemption is available under ERISA and Section 4975 of the Code.

Each beneficial owner of an Exemption Eligible Certificate that is a Plan or a person acting on behalf of any such Plan or investing the assets of any such Plan will be deemed to represent that it is an “accredited investor” as defined in Rule 501(a)(91) of Regulation D of the Securities and Exchange Commission under the Securities Act of 1933.

Insurance companies contemplating the investment of general account assets in the certificates should also consult with their legal advisors with respect to the applicability of Section 401(c) of ERISA, and the DOL regulations issued thereunder regarding the potential application to, and exemption from, the fiduciary and prohibited transaction provisions of ERISA and/or Section 4975 of the Code to such accounts.

Prospective Plan investors in certificates should consult with their legal advisors concerning the impact of ERISA and the Code, the prohibited transaction rules that may apply to them and the potential consequences in their specific circumstances, prior to making an investment in certificates. Each Plan fiduciary should also determine whether under the general fiduciary standards of investment prudence and diversification, an investment in the 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 any of the certificates to a Plan will not constitute a representation by the Depositor, Lehman Brothers or the Trustee that such an investment meets all relevant legal requirements relating to investments by Plans generally or by any particular Plan, or that such an investment is appropriate for Plans generally or for any particular Plan.

Use of Proceeds

The net proceeds from the sale of the Offered Certificates will be applied by the Depositor, or an affiliate thereof, toward the purchase of the Mortgage Loans and the repayment of any related financing.

Offering

The Depositor will sell the Offered Certificates to Lehman Brothers, which intends to sell the Offered Certificates in one or more privately negotiated transactions or otherwise, at varying prices to be determined at the time of each sale.

Legal Matters

Certain legal matters with respect to the Certificates will be passed upon for the Depositor and for Lehman Brothers by McKee Nelson LLP, Washington, D.C.

Ratings

It is a condition to the issuance of the Offered Certificates that they have the applicable rating or ratings by S&P, Moody's and Fitch indicated under "Initial Certificate Ratings" in the table on page 1.

The rating of "AAA" is the highest rating that the applicable Rating Agency assigns to securities. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning Rating Agency. A securities rating addresses the likelihood of receipt by holders of Offered Certificates of distributions in the amount of scheduled payments on the Mortgage Loans. The rating takes into consideration the characteristics of the Mortgage Loans and the structural and legal aspects associated with the Offered Certificates. The ratings do not take into consideration any of the tax aspects associated with the Offered Certificates. The ratings on the Offered Certificates do not represent any assessment of the likelihood or rate of principal prepayments. The ratings do not address the possibility that holders of Offered Certificates might suffer a lower than anticipated yield due to prepayments.

The ratings do not address the likelihood that any Basis Risk Shortfall or Unpaid Basis Risk Shortfall will be paid to Certificateholders.

Each Rating Agency will be monitoring the rating of each Offered Certificate for which it provides a rating, may withdraw or change the ratings at any time and may publish the ratings and related research and commentary.

The security ratings assigned to the Offered Certificates should be evaluated independently from similar ratings on other types of securities.

The Depositor has not requested a rating of the Offered Certificates by any rating agency other than the Rating Agencies; 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 other rating agency. The rating assigned by such other rating agency to the Offered Certificates could be lower than the respective ratings assigned by the Rating Agencies.

Notice to Investors

The Offered Certificates have not been registered under the Securities Act and may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Offered Certificates are being offered hereby only to (1) QIBs in reliance on Rule 144A under the Securities Act, (2) Institutional Accredited Investors in reliance on Regulation D under the Securities Act, solely in the form of Definitive Certificates or (3) to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act.

Each purchaser of Offered Certificates or interests therein, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Depositor, the Trustee and Lehman Brothers as follows:

1. The purchaser of Book-Entry Certificates or an interest therein sold in the United States or to any U.S. person (within the meaning of Regulation S) is either (A) a QIB that is aware that the sale of the Offered Certificates will be made in reliance on Rule 144A of the Securities Act, and is acquiring the Offered Certificates for its own account or for the account of another QIB or (B) solely in the case of the initial purchasers of Offered Certificates resold on the Closing Date by Lehman Brothers Inc., an Institutional Accredited Investor that is aware that the sale of the Offered

Certificates to it will be made in reliance on Regulation D of the Securities Act and is acquiring the Offered Certificates for its own account.

2. The purchaser of a Definitive Certificate sold in the United States or to any U.S. person (within the meaning of Regulation S) is either (A) a QIB that is aware that the sale of the Offered Certificates to it will be made in reliance on Rule 144A of the Securities Act and is acquiring the Offered Certificates for its own account or for the account of another QIB or (B) an Institutional Accredited Investor that is aware that the sale of the Offered Certificates to it will be made in reliance on Regulation D of the Securities Act and is acquiring the Offered Certificates for its own account or for one or more accounts each of which is an Institutional Accredited Investor and as to each of which the purchaser exercises sole investment discretion.

3. The purchaser of a Book-Entry Certificate or a Definitive Certificate or an interest therein sold in an offshore transaction pursuant to Regulation S is not a U.S. person (as defined in Regulation S).

4. It acknowledges that none of the Depositor, the Issuing Entity, Lehman Brothers or any person representing the Depositor, the Issuing Entity or Lehman Brothers has made any representation to it with respect to the Depositor or the offering or sale of the Offered Certificates, other than the information contained in this private placement memorandum, which private placement memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Offered Certificates. It understands and agrees that any information provided to it prior to the delivery of this private placement memorandum is superseded by the information herein. It has had access to such financial and other information concerning the Depositor and the Offered Certificates as it has deemed necessary in connection with its decision to purchase the Offered Certificates, including an opportunity to ask questions of and receive information from the Depositor.

5. It acknowledges that the Depositor, the Issuing Entity, Lehman Brothers, the Trustee and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of the acknowledgments, representations or agreements deemed to have been made by it by its purchase of the Offered Certificates are no longer accurate, it will promptly so notify the party from which it purchased the Offered Certificates and the Depositor. If it is acquiring any Offered Certificates as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account. It understands that the Trustee may receive a list of participants holding positions in the Offered Certificates from one or more book-entry depositories.

6. It understands and acknowledges that the Offered Certificates have not been registered under the Securities Act or any other applicable securities laws and that (A) the Offered Certificates may be offered, sold, pledged or otherwise transferred only: (i) to a person that is either (x) a QIB in a transaction meeting the requirements of Rule 144A under the Securities Act or (y) an Institutional Accredited Investor in a transaction meeting the requirements of Regulation D of the Securities Act, except in the case of the initial purchase of Offered Certificates resold on the Closing Date by Lehman Brothers Inc., solely in the form of Definitive Certificates, in each case, subject to the applicable state securities laws of any State of the United States or any other applicable jurisdiction, or (ii) to non-U.S. persons in offshore transactions in reliance on Regulation S, and (B) the purchaser will, and each subsequent holder is required to, notify any subsequent purchaser from it of the resale restrictions set forth in (A) above.

7. Each purchaser acknowledges that each Offered Certificate, other than an Offered Certificate offered in an offshore transaction in reliance on Regulation S, will contain a legend substantially to the following effect:

THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR ANY STATE SECURITIES LAWS. NEITHER THIS CERTIFICATE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF, UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION.

THE HOLDER OF THIS CERTIFICATE BY ITS ACCEPTANCE HEREOF AGREES (A) TO OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS CERTIFICATE ONLY TO A PERSON THAT IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A OF THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OF THE SECURITIES ACT, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTIONS AND (C) THAT IT WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THIS CERTIFICATE OF THE RESALE RESTRICTIONS SET FORTH IN (A)(1) AND (2) ABOVE. [FOR RULE 144A BOOK-ENTRY CERTIFICATES ONLY]

THE HOLDER OF THIS CERTIFICATE BY ITS ACCEPTANCE HEREOF AGREES (A) TO OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER SUCH CERTIFICATE ONLY TO A PERSON THAT IS EITHER (1) A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A OF THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OF THE SECURITIES ACT, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT OR (2) AN INSTITUTIONAL “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF AN INSTITUTIONAL ACCREDITED INVESTOR TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON REGULATION D OF THE SECURITIES ACT, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT, IN EACH CASE, IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION AND (B) THAT IT WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THIS CERTIFICATE OF THE RESALE RESTRICTIONS SET FORTH IN (A)(1) AND

(2) ABOVE. [FOR INSTITUTIONAL ACCREDITED INVESTOR DEFINITIVE CERTIFICATES ONLY]

NO TRANSFER OF THIS CERTIFICATE OR ANY BENEFICIAL INTEREST HEREIN MAY BE MADE TO ANY PERSON IN A PRINCIPAL AMOUNT OF LESS THAN U.S. \$25,000 (AND INTEGRAL MULTIPLES OF U.S. \$1 IN EXCESS THEREOF.) [FOR SENIOR CERTIFICATES ONLY]

NO TRANSFER OF THIS CERTIFICATE OR ANY BENEFICIAL INTEREST HEREIN MAY BE MADE TO ANY PERSON IN A PRINCIPAL AMOUNT OF LESS THAN U.S. \$100,000 (AND INTEGRAL MULTIPLES OF U.S. \$1 IN EXCESS THEREOF.) [FOR SUBORDINATE CERTIFICATES OTHER THAN CLASS B1 AND CLASS B2 CERTIFICATES ONLY]

NO TRANSFER OF THIS CERTIFICATE OR ANY BENEFICIAL INTEREST HEREIN MAY BE MADE TO ANY PERSON IN A PRINCIPAL AMOUNT OF LESS THAN U.S. \$250,000 (AND INTEGRAL MULTIPLES OF U.S. \$1 IN EXCESS THEREOF.) [FOR CLASS B1 AND CLASS B2 CERTIFICATES ONLY]

EACH PURCHASER OF THIS CERTIFICATE WILL BE DEEMED TO HAVE MADE THE REPRESENTATIONS AND AGREEMENTS SET FORTH IN THE TRUST AGREEMENT. **ANY SUCH SALE OR TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID *AB INITIO*, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE TRUSTEE OR ANY INTERMEDIARY. IF AT ANY TIME THE TRUSTEE DETERMINES OR IS NOTIFIED THAT THE HOLDER OF SUCH BENEFICIAL INTEREST IN SUCH CERTIFICATE WAS IN BREACH, AT THE TIME GIVEN, OF ANY OF THE REPRESENTATIONS SET FORTH IN THE TRUST AGREEMENT, THE TRUSTEE MAY CONSIDER THE ACQUISITION OF THIS CERTIFICATE OR SUCH INTEREST IN THIS CERTIFICATE VOID AND REQUIRE THAT THIS CERTIFICATE OR SUCH INTEREST HEREIN BE TRANSFERRED TO A PERSON DESIGNATED BY THE TRUSTEE.**

THE ACQUISITION OF THIS CERTIFICATE BY A TRANSFEREE FOR, OR ON BEHALF OF, AN EMPLOYEE BENEFIT PLAN OR OTHER RETIREMENT ARRANGEMENT SUBJECT TO SECTION 406 OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”) OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”) OR BY ANY ENTITY DEEMED TO HOLD THE PLAN ASSETS OF THE FOREGOING, SHALL BE DEEMED A REPRESENTATION AND WARRANTY THAT THE TRANSFEREE IS AN “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501(a)(1) OF REGULATION D UNDER THE SECURITIES ACT. [FOR OFFERED CERTIFICATES OTHER THAN THE CLASS B1 AND CLASS B2 CERTIFICATES ONLY]

FOR ANY ERISA-RESTRICTED TRUST CERTIFICATES RATED AT LEAST “BBB-” OR “Baa3” UPON ACQUISITION PRIOR TO THE TERMINATION OF THE SWAP AGREEMENT AND THE INTEREST RATE CAP AGREEMENT, SUCH CERTIFICATE MAY NOT BE ACQUIRED BY A TRANSFEREE FOR, OR ON BEHALF OF, AN EMPLOYEE BENEFIT PLAN OR OTHER RETIREMENT ARRANGEMENT SUBJECT TO SECTION 406 OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF

1974, AS AMENDED (“ERISA”) OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”) OR BY ANY ENTITY DEEMED TO HOLD THE PLAN ASSETS OF THE FOREGOING, UNLESS IT REPRESENTS AND WARRANTS THAT THE ACQUISITION AND HOLDING OF SUCH CERTIFICATE, THROUGHOUT THE PERIOD THAT IT HOLDS SUCH CERTIFICATE, WILL NOT RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE WHICH IS NOT COVERED BY PROHIBITED TRANSACTION CLASS EXEMPTION (“PTCE”) 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60, PTCE 96-23, THE NON-FIDUCIARY SERVICE PROVIDER EXEMPTION UNDER SECTION 408(b)(17) OF ERISA AND SECTION 4975(d)(20) OF THE CODE OR SOME OTHER APPLICABLE EXEMPTION. EACH INVESTOR IN THIS CERTIFICATE WILL BE DEEMED TO REPRESENT THAT IT IS IN COMPLIANCE WITH THE FOREGOING AND WILL FURTHER BE DEEMED TO REPRESENT, WARRANT AND COVENANT THAT IT WILL NOT SELL, PLEDGE OR OTHERWISE TRANSFER SUCH CERTIFICATE IN VIOLATION OF THE FOREGOING. [FOR OFFERED CERTIFICATES OTHER THAN THE CLASS B1 AND CLASS B2 CERTIFICATES ONLY PRIOR TO THE TERMINATION OF THE SWAP AGREEMENT AND THE INTEREST RATE CAP AGREEMENT]

FOR ANY ERISA-RESTRICTED TRUST CERTIFICATE WHOSE RATING IS BELOW “BBB-” OR “Baa3” UPON ACQUISITION, SUCH CERTIFICATE MAY NOT BE ACQUIRED BY A TRANSFEREE FOR, OR ON BEHALF OF, AN EMPLOYEE BENEFIT PLAN OR OTHER RETIREMENT ARRANGEMENT SUBJECT TO SECTION 406 OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED OR BY ANY ENTITY DEEMED TO HOLD THE PLAN ASSETS OF THE FOREGOING, OTHER THAN A PLAN INVESTOR THAT IS AN INSURANCE COMPANY GENERAL ACCOUNT AND THE PURCHASE AND HOLDING OF THIS CERTIFICATE ARE COVERED UNDER SECTIONS I AND III OF PROHIBITED TRANSACTION CLASS EXEMPTION 95-60. EACH INVESTOR IN THIS CERTIFICATE WILL BE DEEMED TO REPRESENT THAT IT IS IN COMPLIANCE WITH THE FOREGOING AND WILL FURTHER BE DEEMED TO REPRESENT, WARRANT AND COVENANT THAT IT WILL NOT SELL, PLEDGE OR OTHERWISE TRANSFER SUCH CERTIFICATE IN VIOLATION OF THE FOREGOING. [FOR CLASS B1 AND CLASS B2 CERTIFICATES OR ANY OTHER OFFERED CERTIFICATE WHOSE RATING IS BELOW “BBB-” OR “Baa3” UPON ACQUISITION ONLY]

8. If it is a foreign purchaser acquiring Certificates or an interest therein pursuant to Regulation S, the purchaser acknowledges and agrees (i) that, until the expiration of the 40-day “distribution compliance period” within the meaning of Regulation S, any offer, sale, pledge or other transfer thereof shall not be made by it in the United States or to, or for the account or benefit of, a U.S. person, (ii) that, in order to exchange its beneficial interest in a Restricted Global Security for a beneficial interest in a Regulation S Global Security (each as defined in the Trust Agreement), the transferor will be required, pursuant to the Trust Agreement, to deliver a certificate to the effect that such beneficial interest is not being transferred to a U.S. person, and (iii) that each Certificate will contain a legend substantially to the following effect:

THE HOLDER OF THIS CERTIFICATE BY ITS ACCEPTANCE HEREOF IS DEEMED TO HAVE REPRESENTED AND WARRANTED THAT (A) UNTIL THE EXPIRATION OF THE APPLICABLE “DISTRIBUTION COMPLIANCE PERIOD” WITHIN THE MEANING OF REGULATION S, ANY OFFER, SALE, PLEDGE OR OTHER TRANSFER

OF THIS CERTIFICATE SHALL NOT BE MADE IN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON (AS DEFINED IN REGULATION S) AND (B) IF SUBSEQUENT TO THE DISTRIBUTION COMPLIANCE PERIOD, THIS CERTIFICATE IS HELD WITHIN THE UNITED STATES OR SUCH HOLDER IS A U.S. PERSON OR THIS CERTIFICATE IS HELD FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON, SUCH CERTIFICATE WAS ACQUIRED ONLY BY SUCH HOLDER AS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A OF THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OF THE SECURITIES ACT, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION AND (B) THAT IT WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THIS CERTIFICATE OF THE RESALE RESTRICTIONS SET FORTH IN (A) AND (B) ABOVE.

NO TRANSFER OF THIS CERTIFICATE OR ANY BENEFICIAL INTEREST HEREIN MAY BE MADE TO ANY PERSON IN A PRINCIPAL AMOUNT OF LESS THAN U.S. \$25,000 (AND INTEGRAL MULTIPLES OF U.S. \$1 IN EXCESS THEREOF). [FOR SENIOR CERTIFICATES ONLY]

NO TRANSFER OF THIS CERTIFICATE OR ANY BENEFICIAL INTEREST HEREIN MAY BE MADE TO ANY PERSON IN A PRINCIPAL AMOUNT OF LESS THAN U.S. \$100,000 (AND INTEGRAL MULTIPLES OF U.S. \$1 IN EXCESS THEREOF). [FOR SUBORDINATE CERTIFICATES OTHER THAN CLASS B1 AND CLASS B2 CERTIFICATES ONLY]

NO TRANSFER OF THIS CERTIFICATE OR ANY BENEFICIAL INTEREST HEREIN MAY BE MADE TO ANY PERSON IN A PRINCIPAL AMOUNT OF LESS THAN U.S. \$250,000 (AND INTEGRAL MULTIPLES OF U.S. \$1 IN EXCESS THEREOF). [FOR CLASS B1 AND CLASS B2 CERTIFICATES ONLY]

EACH PURCHASER OF THIS CERTIFICATE WILL BE DEEMED TO HAVE MADE THE REPRESENTATIONS AND AGREEMENTS SET FORTH IN THE TRUST AGREEMENT. **ANY SUCH SALE OR TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID *AB INITIO*, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE TRUSTEE OR ANY INTERMEDIARY. IF AT ANY TIME THE TRUSTEE DETERMINES OR IS NOTIFIED THAT THE HOLDER OF SUCH BENEFICIAL INTEREST IN SUCH CERTIFICATE WAS IN BREACH, AT THE TIME GIVEN, OF ANY OF THE REPRESENTATIONS SET FORTH IN THE TRUST AGREEMENT, THE TRUSTEE MAY CONSIDER THE ACQUISITION OF THIS CERTIFICATE OR SUCH INTEREST IN THIS CERTIFICATE VOID AND REQUIRE THAT THIS CERTIFICATE OR SUCH INTEREST HEREIN BE TRANSFERRED TO A PERSON DESIGNATED BY THE TRUSTEE.**

THE ACQUISITION OF THIS CERTIFICATE BY A TRANSFEREE FOR, OR ON BEHALF OF, AN EMPLOYEE BENEFIT PLAN OR OTHER RETIREMENT ARRANGEMENT SUBJECT TO SECTION 406 OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”) OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”) OR BY ANY ENTITY DEEMED TO HOLD THE PLAN ASSETS OF THE FOREGOING, SHALL BE DEEMED A REPRESENTATION AND WARRANTY THAT THE TRANSFEREE IS AN “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501(a)(1) OF REGULATION D UNDER THE SECURITIES ACT. [FOR OFFERED CERTIFICATES OTHER THAN THE CLASS B1 AND CLASS B2 CERTIFICATES ONLY]

FOR ANY ERISA-RESTRICTED TRUST CERTIFICATES RATED AT LEAST “BBB-” OR “Baa3” UPON ACQUISITION PRIOR TO THE TERMINATION OF THE SWAP AGREEMENT AND THE INTEREST RATE CAP AGREEMENT, SUCH CERTIFICATE MAY NOT BE ACQUIRED BY A TRANSFEREE FOR, OR ON BEHALF OF, AN EMPLOYEE BENEFIT PLAN OR OTHER RETIREMENT ARRANGEMENT SUBJECT TO SECTION 406 OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”) OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”) OR BY ANY ENTITY DEEMED TO HOLD THE PLAN ASSETS OF THE FOREGOING, UNLESS IT REPRESENTS AND WARRANTS THAT THE ACQUISITION AND HOLDING OF SUCH CERTIFICATE, THROUGHOUT THE PERIOD THAT IT HOLDS SUCH CERTIFICATE, WILL NOT RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE WHICH IS NOT COVERED BY THE STATUTORY EXEMPTION FOR NONFIDUCIARY SERVICE PROVIDERS UNDER SECTION 408(b)(17) OF ERISA AND SECTION 4975(d)(20) OF THE CODE, PROHIBITED TRANSACTION CLASS EXEMPTION (“PTCE”) 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60, PTCE 96-23 OR SOME OTHER APPLICABLE EXEMPTION. EACH INVESTOR IN THIS CERTIFICATE WILL BE DEEMED TO REPRESENT THAT IT IS IN COMPLIANCE WITH THE FOREGOING AND WILL FURTHER BE DEEMED TO REPRESENT, WARRANT AND COVENANT THAT IT WILL NOT SELL, PLEDGE OR OTHERWISE TRANSFER SUCH CERTIFICATE IN VIOLATION OF THE FOREGOING. [FOR OFFERED CERTIFICATES OTHER THAN THE CLASS B1 AND CLASS B2 CERTIFICATES ONLY PRIOR TO THE TERMINATION OF THE SWAP AGREEMENT AND THE INTEREST RATE CAP AGREEMENT]

FOR ANY ERISA-RESTRICTED TRUST CERTIFICATE WHOSE RATING IS BELOW “BBB-” OR “Baa3” UPON ACQUISITION, SUCH CERTIFICATE MAY NOT BE ACQUIRED BY A TRANSFEREE FOR, OR ON BEHALF OF, AN EMPLOYEE BENEFIT PLAN OR OTHER RETIREMENT ARRANGEMENT SUBJECT TO SECTION 406 OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED OR BY ANY ENTITY DEEMED TO HOLD THE PLAN ASSETS OF THE FOREGOING, OTHER THAN A PLAN INVESTOR THAT IS AN INSURANCE COMPANY GENERAL ACCOUNT AND THE PURCHASE AND HOLDING OF THIS CERTIFICATE ARE COVERED UNDER SECTIONS I AND III OF PROHIBITED TRANSACTION CLASS EXEMPTION 95-60. EACH INVESTOR IN THIS CERTIFICATE WILL BE DEEMED TO REPRESENT THAT IT IS IN COMPLIANCE WITH THE FOREGOING AND WILL FURTHER BE DEEMED TO REPRESENT, WARRANT AND COVENANT THAT IT WILL NOT SELL, PLEDGE OR OTHERWISE TRANSFER SUCH CERTIFICATE IN VIOLATION OF THE FOREGOING. [FOR CLASS B1 AND CLASS B2 CERTIFICATES OR ANY OTHER OFFERED CERTIFICATE WHOSE RATING IS BELOW “BBB-” OR “Baa3” UPON ACQUISITION ONLY]

Glossary of Defined Terms

80+ LTV Loans	Mortgage Loans having original Loan-to-Value Ratios in excess of 80%.
Accrual Period	For each class of Offered Certificates and each Distribution Date, the period beginning on the immediately preceding Distribution Date (or March 9, 2007, in the case of the first Accrual Period) and ending on the day immediately preceding the related Distribution Date.
Additional Termination Events	As defined in the Swap Agreement.
Adjustable Rate Mortgage Loans	Mortgage Loans for which the related mortgage note provides for adjustment of the applicable Mortgage Rate, as described under “Description of the Mortgage Pools—Adjustable Rate Mortgage Loans” and “—The Index.”
Adjustment Date	With regard to the Adjustable Rate Mortgage Loans, each date on which the related Mortgage Rate is adjusted in accordance with the terms of the related mortgage note.
Advance	An advance of funds which the Servicer is generally obligated to make with respect to delinquent payments of principal and interest (other than Balloon Payments) on the Mortgage Loans, based on an interest rate adjusted to the related Mortgage Rate less the Servicing Fee Rate.
Affected Party	As defined in the Swap Agreement.
Aggregate Expense Rate	For any Mortgage Loan, the Servicing Fee Rate.
Aggregate Overcollateralization Release Amount	For any Distribution Date, an amount equal to the lesser of (x) the aggregate of the Principal Remittance Amounts for each Mortgage Pool for such Distribution Date and (y) the amount, if any, by which (1) the Overcollateralization Amount for such date (calculated for this purpose on the basis of the assumption that 100% of the aggregate of the Principal Remittance Amounts for such date is applied in reduction of the aggregate of the Certificate Principal Amounts of the Offered Certificates) exceeds (2) the Enhancement Target for such Distribution Date.
Aggregate Pool Balance	As of any date of determination, the aggregate of the Pool Balances of Pool 1 and Pool 2 on such date.
Applied Loss Amount	For any Distribution Date, after giving effect to all Realized Losses incurred with respect to the Mortgage Loans during the related Collection Period and distributions of principal on such Distribution Date, the amount by which the aggregate Class

Principal Amount of the Offered Certificates exceeds the Aggregate Pool Balance for such Distribution Date.

Aurora Aurora Loan Services LLC.

B1 Principal Distribution

Amount For any Distribution Date on or after the Stepdown Date and as long as a Trigger Event is not in effect with respect to such Distribution Date, the amount, if any, by which (x) the sum of (i) the aggregate Class Principal Amount of the Senior Certificates and the Class M1, Class M2, Class M3, Class M4, Class M5, Class M6, Class M7, Class M8 and Class M9 Certificates, after giving effect to distributions on such Distribution Date, and (ii) the Class Principal Amount of the Class B1 Certificates immediately prior to such Distribution Date exceeds (y) the B1 Target Amount.

B1 Target Amount For any Distribution Date, an amount equal to the lesser of (a) the product of (1) approximately 92.90% and (2) the Aggregate Pool Balance for such Distribution Date determined as of the last day of the related Collection Period and (b) the amount, if any, by which (1) the Aggregate Pool Balance for such Distribution Date determined as of the last day of the related Collection Period exceeds (2) the Overcollateralization Floor.

B2 Target Amount For any Distribution Date, an amount equal to the lesser of (a) the product of (1) approximately 97.60% and (2) the Aggregate Pool Balance for such Distribution Date determined as of the last day of the related Collection Period and (b) the amount, if any, by which (1) the Aggregate Pool Balance for such Distribution Date determined as of the last day of the related Collection Period exceeds (2) the Overcollateralization Floor.

Balloon Loan Any Mortgage Loan that provides for (i) monthly Scheduled Payments that will not reduce the principal balance of the Mortgage Loan to zero at its maturity date and (ii) a larger monthly payment due at its maturity date equal to the unpaid principal balance of the Mortgage Loan, with interest thereon.

Balloon Payments Final payments on Balloon Loans due on their maturity dates that are significantly larger than other monthly Scheduled Payments.

Bank Lehman Brothers Bank, FSB.

Basis Risk Payment For any Distribution Date, the sum of (1) any Basis Risk Shortfall for such Distribution Date, (2) any Unpaid Basis Risk Shortfall for such Distribution Date, and (3) any Required Reserve Fund Amount (as specified in the Trust Agreement) for such Distribution Date. The amount of the Basis Risk Payment for any

	Distribution Date cannot exceed the amount of Monthly Excess Cashflow otherwise distributable in respect of the Class X Certificates.
Basis Risk Reserve Fund	A reserve fund into which any amount of Monthly Excess Cashflow is deposited in order to pay Basis Risk Shortfalls and Unpaid Basis Risk Shortfalls.
Basis Risk Shortfall	For each Distribution Date and any class of Offered Certificates, the amount, if any, by which (a) the amount calculated under the applicable Interest Rate (calculated without regard to the applicable Net Funds Cap but subject to a cap equal to the applicable Maximum Interest Rate) set forth herein for such class exceeds (b) the amount calculated under the applicable Net Funds Cap for such class.
BBA	The British Bankers' Association.
Beneficial Owner	Any person acquiring an interest in a Book-Entry Certificate.
Book-Entry Certificates	The Certificates, other than any Definitive Certificate.
Business Day	Generally any day other than a Saturday or Sunday or a day on which banks in New York, Maryland, Minnesota or Colorado (or, as to the Servicer, such other states as are specified in the Servicing Agreement) are closed.
Cap Contract	A limited recourse notional principal contract.
Cap Counterparty	Swiss Re Financial Products Corporation, or any successor thereto.
Carryforward Interest	For any class of Offered Certificates and any Distribution Date, the sum of (1) the amount, if any, by which (x) the sum of (A) Current Interest for such class for the immediately preceding Distribution Date and (B) any unpaid Carryforward Interest for such class from previous Distribution Dates exceeds (y) the amount distributed in respect of interest on such class on such immediately preceding Distribution Date and (2) interest on such amount for the related Accrual Period at the applicable Interest Rate.
Certificate Account	A certificate account maintained by the Trustee on behalf of the Certificateholders.
Certificate Principal Amount	For any Offered Certificate as of any Distribution Date, its initial Certificate Principal Amount as of the Closing Date, as reduced by all amounts previously distributed on that Certificate in respect of principal prior to such Distribution Date, and in the case of any Offered Subordinate Certificates, as reduced by any Applied Loss Amount previously allocated thereto; <i>provided however</i> , that on each Distribution Date on which a Subsequent Recovery is

distributed, the Certificate Principal Amount of any class of Offered Subordinate Certificates whose Certificate Principal Amount has previously been reduced by application of Applied Loss Amounts will be increased, sequentially, in order of seniority, by an amount (to be applied *pro rata* to all Certificates of such class) equal to the lesser of (1) any Deferred Amount for each such class immediately prior to such Distribution Date and (2) the total amount of any Subsequent Recovery distributed on such Distribution Date to Certificateholders, after application (for this purpose) to any more senior classes of Certificates.

Certificateholder	Any person acquiring a beneficial ownership interest in any Certificate.
Certificates	The Senior Certificates and the Subordinate Certificates.
Class M1 Enhancement Percentage	For any Distribution Date, the fraction, expressed as a percentage, the numerator of which is the sum of the aggregate Class Principal Amount of the Offered Subordinate Certificates (other than the Class M1 Certificates) and the Overcollateralization Amount (which, for purposes of this definition only, shall not be less than zero) and the denominator of which is the Aggregate Pool Balance for such Distribution Date, in each case after giving effect to distributions on such Distribution Date.
Class Principal Amount	For any class of Offered Certificates, the aggregate of the Certificate Principal Amounts of all certificates of that class.
Clearstream Luxembourg	Clearstream Banking Luxembourg.
Clearstream Luxembourg Participants	Participating organizations that utilize the services of Clearstream Luxembourg.
Closing Date	March 13, 2007.
Code	The Internal Revenue Code of 1986, as amended.
Collection Account	A collection account maintained by the Master Servicer established in the name of the Trustee and for the benefit of Certificateholders.
Collection Period	For any Distribution Date, the one-month period beginning on the second day of the calendar month immediately preceding the month in which such Distribution Date occurs and ending on the first day of the month in which such Distribution Date occurs.
Compensating Interest	For any applicable Distribution Date and the Servicer, Prepayment Interest Shortfalls with respect to Mortgage Loans serviced by the Servicer, up to an amount equal to the aggregate

of the Servicing Fees (or a portion thereof, as provided in the Servicing Agreement) received on the Mortgage Loans serviced by it.

- Corporate Trust Office** For purposes of presentment and surrender of the Offered Certificates for the final distribution thereon, the Trustee’s corporate trust office is located at Sixth Street and Marquette Avenue, Minneapolis, Minnesota 55479, Attention: Client Service Manager— SASCO 2007-MLN1, and for all other purposes, 9062 Old Annapolis Road, Columbia, Maryland 21045, Attention: Client Service Manager—SASCO 2007-MLN1, or such other address that the Trustee may designate from time to time by notice to the Certificateholders, the Depositor and the Master Servicer.
- CPR** The constant prepayment rate model used in this private placement memorandum, as described under “Yield, Prepayment and Weighted Average Life—Weighted Average Life.”
- Credit Risk Manager** Clayton Fixed Income Services Inc., a Colorado corporation.
- Credit Risk Manager’s Fee** The fee that the Credit Risk Manager is entitled to receive calculated in accordance with the Credit Risk Manager’s Fee Rate.
- Credit Risk Manager’s Fee Rate** The annual rate with respect to the Credit Risk Manager set forth under “Fees and Expenses of the Trust Fund.”
- Credit Score** Statistical credit scores obtained by many mortgage lenders in connection with the loan application to help assess a borrower’s credit worthiness. Credit Scores are generated by models developed by a third party and are made available to 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 Score is based on a borrower’s historical credit data, including, among other things, payment history, delinquencies on accounts, levels of outstanding indebtedness, length of credit history, types of credit, and bankruptcy experience. 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. However, a Credit 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 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 Scores were not developed specifically for use in connection with origination of mortgage

loans, but for consumer loans in general. Therefore, a Credit Score does not take into consideration the effect of mortgage loan characteristics on the probability of repayment by the borrower. The Credit Scores set forth in the tables in Annex B were obtained at either the time of origination of the related Mortgage Loan or more recently. Neither the Depositor nor the Originator makes any representations or warranties as to the actual performance of any Mortgage Loan or that a particular Credit Score should be relied upon as a basis for an expectation that the borrower will repay the Mortgage Loan according to its terms.

Cumulative Loss Trigger Event..... A Cumulative Loss Trigger Event will have occurred if on any Distribution Date, the fraction, expressed as a percentage, obtained by dividing (x) the aggregate amount of cumulative Realized Losses incurred on the Mortgage Loans from the Cut-off Date through the last day of the related Collection Period by (y) the Cut-off Date Balance, exceeds the following applicable percentages with respect to such Distribution Date:

<u>Distribution Date</u>	<u>Loss Percentage</u>
March 2009 through February 2010	1.60% for the first month, <i>plus</i> an additional 1/12th of 1.95% for each month thereafter
March 2010 through February 2011	3.55% for the first month, <i>plus</i> an additional 1/12th of 2.00% for each month thereafter
March 2011 through February 2012	5.55% for the first month, <i>plus</i> an additional 1/12th of 1.65% for each month thereafter
March 2012 through February 2013	7.20% for the first month, <i>plus</i> an additional 1/12th of 0.85% for each month thereafter
March 2013 and thereafter	8.05%

Current Interest For any class of Offered Certificates and any Distribution Date, the aggregate amount of interest accrued at the applicable Interest Rate during the related Accrual Period on the Class Principal Amount of such class immediately prior to such Distribution Date.

Custodial Agreement The custodial agreement between the Trustee and the Custodian.

Custodian On the Closing Date, U.S. Bank in its capacity as custodian, or any successor thereto.

Cut-off Date February 1, 2007.

Cut-off Date Balance	The Scheduled Principal Balances of the Mortgage Loans as of the Cut-off Date.
Deferred Amount	For each Distribution Date and for each class of Offered Subordinate Certificates, the amount by which (x) the aggregate of Applied Loss Amounts previously applied in reduction of the Class Principal Amount thereof exceeds (y) the sum of (1) the aggregate of amounts previously distributed in reimbursement thereof and (2) the amount by which the Class Principal Amount of such class has been increased due to any Subsequent Recovery.
Definitive Certificate	A physical certificate representing any Certificate.
Deleted Loan	Any Mortgage Loan removed from the Trust Fund by the Seller or the applicable Originator in connection with the substitution therefor of one or more Qualifying Substitute Mortgage Loans following a breach of representation or warranty with respect to such Mortgage Loan, as provided under “The Trust Agreement—Representations and Warranties.”
Delinquency Event	A Delinquency Event will have occurred if (i) with respect to any Distribution Date prior to the Distribution Date on which the aggregate Class Principal Amount of the Senior Certificates has been reduced to zero, the Rolling Three Month Delinquency Rate as of the last day of the immediately preceding month equals or exceeds 35.60% of the Senior Enhancement Percentage for such Distribution Date or (ii) with respect to any Distribution Date on or after the Distribution Date on which the aggregate Class Principal Amount of the Senior Certificates has been reduced to zero, the Rolling Three Month Delinquency Rate as of the last day of the immediately preceding month equal or exceeds 44.30% of the Class M1 Enhancement Percentage.
Delinquency Rate	For any month, the fraction, expressed as a percentage, the numerator of which is the aggregate outstanding principal balance of (i) all Mortgage Loans 60 or more days delinquent (including all Mortgage Loans 60 or more days delinquent for which the Mortgagor has filed for bankruptcy after the closing date), and (ii) each Mortgage Loan in foreclosure and all REO Properties as of the close of business on the last day of such month, and the denominator of which is the Aggregate Pool Balance as of the close of business on the last day of such month.
Depositor	Structured Asset Securities Corporation.
Designated Telerate Page	The Moneyline Telerate Service page 3750, or such other page as may replace page 3750, or such other service as may be nominated by the BBA as the information vendor for the purpose of displaying the BBA’s Interest Settlement Rates for deposits in U.S. dollars.

Direct Obligation	Direct obligations of, and obligations fully guaranteed as to timely payment of principal and interest by, the United States of America or any agency or instrumentality of the United States of America, the obligations of which are backed by the full faith and credit of the United States of America.
Distressed Mortgage Loan	Any Mortgage Loan which becomes more than 90 days delinquent or for which the Servicer has accepted a deed in lieu of foreclosure.
Distribution Date	The 25th day of each month or, if the 25th day is not a Business Day, on the next succeeding Business Day, beginning in March 2007.
DTC	The Depository Trust Company.
DTC Rules	The rules, regulations and procedures creating and affecting DTC and its operations.
Early Termination Date	As defined in the ISDA Master Agreement.
Eligible Investments	Any one or more of the following obligations or securities: <ul style="list-style-type: none"> (i) Direct Obligations; (ii) federal funds, or demand and time deposits in, certificates of deposits of, or bankers' acceptances issued by, any depository institution or trust company (including U.S. subsidiaries of foreign depositories and the Trustee or any agent of the Trustee, acting in its respective commercial capacity) incorporated or organized under the laws of the United States of America or any state thereof and subject to supervision and examination by federal or state banking authorities, so long as at the time of investment or the contractual commitment providing for such investment the commercial paper or other short term debt obligations of such depository institution or trust company (or, in the case of a depository institution or trust company which is the principal subsidiary of a holding company, the commercial paper or other short term debt or deposit obligations of such holding company or deposit institution, as the case may be) have been rated by each Rating Agency in its highest short-term rating category or one of its two highest long-term rating categories; (iii) repurchase agreements collateralized by Direct Obligations or securities guaranteed by Ginnie Mae, Fannie Mae or Freddie Mac with any registered broker/dealer subject to Securities Investors' Protection Corporation jurisdiction or any commercial bank insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and

unguaranteed obligation rated by each Rating Agency in its highest short-term rating category;

(iv) securities bearing interest or sold at a discount issued by any corporation incorporated under the laws of the United States of America or any state thereof which have a credit rating from each Rating Agency, at the time of investment or the contractual commitment providing for such investment, at least equal to one of the two highest short term credit rating categories of each Rating Agency; *provided, however*, that securities issued by any particular corporation will not be Eligible Investments to the extent that investment therein will cause the then outstanding principal amount of securities issued by such corporation and held as part of the Trust Fund to exceed 20% of the sum of the Aggregate Pool Balance and the aggregate principal amount of all Eligible Investments in the Certificate Account; *provided, further*, that such securities will not be Eligible Investments if they are published as being under review with negative implications from any Rating Agency;

(v) commercial paper (including both non-interest-bearing discount obligations and interest bearing obligations payable on demand or on a specified date not more than 180 days after the date of issuance thereof) rated by each Rating Agency in its highest short-term rating category;

(vi) a Qualified GIC;

(vii) certificates or receipts representing direct ownership interests in future interest or principal payments on obligations of the United States of America or its agencies or instrumentalities (which obligations are backed by the full faith and credit of the United States of America) held by a custodian in safekeeping on behalf of the holders of such receipts; and

(viii) any other demand, money market, common trust fund or time deposit or obligation, or interest bearing or other security or investment (including those managed or advised by the Trustee or any Affiliate thereof), (A) rated in the highest rating category, if so rated, by each Rating Agency rating such investment or (B) that would not adversely affect the then current rating, if so rated, assigned by each Rating Agency of any of the Certificates and has a short-term rating of at least "A-1" or its equivalent by each Rating Agency. Such investments in this clause (viii) may include money market mutual funds or common trust funds, including any fund for which Wells Fargo, in its capacity other than as Trustee, the Trustee, the Master Servicer or an affiliate of any such entity serves as an investment advisor, administrator, shareholder, servicing agent, and/or custodian or

subcustodian, notwithstanding that (x) the Bank, the Trustee, the Master Servicer or an affiliate of any such entity charges and collects fees and expenses from such funds for services rendered, (y) the Bank, the Trustee, the Master Servicer or an affiliate of any such entity charges and collects fees and expenses for services rendered pursuant to this Agreement, and (z) services performed for such funds and pursuant to the Trust Agreement may converge at any time;

provided, however, that no such instrument will be an Eligible Investment if such instrument evidences either (i) a right to receive only interest payments with respect to the obligations underlying such instrument, or (ii) both principal and interest payments derived from obligations underlying such instrument and the principal and interest payments with respect to such instrument provide a yield to maturity of greater than 120% of the yield to maturity at par of such underlying obligations, provided that any such investment will be a “permitted investment” within the meaning of Section 860G(a)(5) of the Code.

Enhancement Target	For any Distribution Date prior to the Stepdown Date, an amount equal to approximately \$32,358,558 or approximately 3.55% of the Cut-off Date Balance. For any Distribution Date on or after the Stepdown Date and for which a Trigger Event is not in effect, an amount equal to the greater of (i) the lesser of (a) approximately \$32,358,558 or approximately 3.55% of the Cut-off Date Balance and (b) approximately 7.10% of the Aggregate Pool Balance after giving effect to distributions on such Distribution Date and (ii) the Overcollateralization Floor. With respect to any Distribution Date on or after the Stepdown Date and provided a Trigger Event is in effect, an amount equal to the Enhancement Target for the immediately preceding Distribution Date.
ERISA	The Employee Retirement Income Security Act of 1974, as amended.
ERISA Restricted Offered Certificate	An Offered Certificate which does not have the minimum required rating under the Exemption at the time of its acquisition by a Plan.
Euroclear	The Euroclear System.
Euroclear Operator	Euroclear Bank, S.A./N.V.
Euroclear Participants	Participating organizations that utilize the services of Euroclear.
European Depositories	The Relevant Depositories, collectively.

Event of Default	Any event of default under the Trust Agreement.
Exemption	The individual prohibited transaction exemption issued to Lehman Brothers (PTE 91-14 as most recently amended and restated by PTE 2002-41).
Fannie Mae	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 thereto.
FDIC	The Federal Deposit Insurance Corporation or any successor thereto.
Final Scheduled Distribution Date	The Distribution Date in January 2037.
Financial Intermediary	With respect to ownership of a Book-Entry Certificate, each brokerage firm, bank, thrift institution or other financial intermediary that maintains a Beneficial Owner’s account.
First Lien Mortgage Loans	Mortgage Loans secured by mortgages or deeds of trust or similar security instruments creating a first lien on the related Mortgaged Property.
Fitch	Fitch Ratings.
Fixed Rate Mortgage Loans	Mortgage Loans for which the related mortgage note provides for a fixed Mortgage Rate for the entire amortization term of those Mortgage Loans.
Freddie Mac	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 thereto.
Ginnie Mae	The Government National Mortgage Association, a wholly-owned corporate instrumentality of the United States within HUD.
Global Securities	The globally offered Certificates.
Gross Margin	For Adjustable Rate Mortgage Loans, the interest rate margin specified in the related mortgage note.
Group 1 Certificates	The Class A1 Certificates.
Group 2 Certificates	The Class A2, Class A3, Class A4 and Class A5 Certificates.
Index	The index applicable to any Adjustable Rate Mortgage Loan, based on Six-Month LIBOR.

Initial Cap	For any Adjustable Rate Mortgage Loan, a fixed percentage specified in the related mortgage note beyond which the related Mortgage Rate generally will not increase or decrease on the first Adjustment Date.
Initial Optional Termination Date	The Distribution Date following the month in which the Aggregate Pool Balance initially declines to less than 10% of the Cut-off Date Balance.
Institutional Accredited Investor	An “accredited investor” as defined in rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act that is not a QIB.
Insurance Proceeds	Any amounts paid by an insurer under a primary mortgage insurance policy, any standard hazard insurance policy, flood insurance policy or any other insurance policy relating to the Mortgage Loans or related Mortgaged Properties other than amounts (i) to cover expenses incurred by the Servicer in connection with procuring such proceeds, (ii) applied to the restoration and repair of the related Mortgaged Property or (iii) to be paid to the borrower pursuant to the mortgage note or state law.
Interest-Only Mortgage Loans	Mortgage Loans that provide for payment of interest at the related Mortgage Rate, but no payment of principal, for the period specified in the related mortgage note following the origination of the related Mortgage Loan.
Interest Rate	For each class of Offered Certificates, the applicable annual rate described under “Summary of Terms—The Certificates—Payments on the Certificates—Interest Payments.”
Interest Rate Cap Account	A Trust Account maintained on behalf of the Supplemental Interest Trust by the Trustee into which all amounts received under the Interest Rate Cap Agreement will be deposited and from which such amounts will be distributed to Certificateholders.
Interest Rate Cap Agreement	An interest rate cap agreement entered into on the Closing Date by the Trustee, not individually but solely in its capacity as Trustee of the Supplemental Interest Trust, with the Cap Counterparty, for the benefit of the Offered Certificates.
Interest Rate Cap Amount	For any Distribution Date, any payment received from the Cap Counterparty pursuant to the terms of the Interest Rate Cap Agreement that is deposited into the Interest Rate Cap Account as described under “Description of the Certificates—Supplemental Interest Trust—Interest Rate Cap Agreement” and any investment earnings therein.
Interest Rate Swap Account	A Trust Account maintained on behalf of the Supplemental Interest Trust by the Trustee, into which all amounts received

under the Swap Agreement will be deposited and from which such amounts will be distributed to the Certificateholders or to the Swap Counterparty.

Interest Rate Swap Amount..... For any Distribution Date, the sum of any Net Swap Payment and any Swap Termination Payment either (i) deposited into the Interest Rate Swap Account as described under “Description of the Certificates—Distributions of Interest—Interest Distribution Priorities” and “Description of the Certificates—Distributions of Principal—Principal Distribution Priorities” or (ii) received from the Swap Counterparty pursuant to the terms of the Swap Agreement as described under “Description of the Certificates—Supplemental Interest Trust—Interest Rate Swap Agreement,” together with any amounts deposited into the Interest Rate Swap Account as described under “Description of the Certificates—Application of Monthly Excess Cashflow,” and any investment earnings thereon.

Interest Remittance Amount..... For any Distribution Date and each Mortgage Pool, an amount equal to (a) the sum of (1) all interest collected (other than Payaheads) or advanced in respect of Scheduled Payments on the Mortgage Loans in such Mortgage Pool during the related Collection Period by the Servicer, the Master Servicer or the Trustee, in its capacity as successor master servicer, minus (x) the Servicing Fee with respect to such Mortgage Loans and (y) previously unreimbursed Advances, unreimbursed servicing advances and other amounts due to the Master Servicer, the Servicer or the Trustee, in its capacity as successor master servicer, with respect to the Mortgage Loans in such Mortgage Pool, to the extent allocable to interest, (2) all Compensating Interest paid by the Servicer with respect to such Mortgage Loans with respect to the related Prepayment Period or Collection Period, as applicable, (3) the portion of any purchase price or Substitution Amount paid with respect to such Mortgage Loans during the related Prepayment Period or Collection Period, as applicable, allocable to interest and (4) all Net Liquidation Proceeds, Insurance Proceeds, any Subsequent Recovery and any other recoveries collected with respect to such Mortgage Loans during the related Prepayment Period or Collection Period, as applicable, to the extent allocable to interest, as reduced by (b) the Pool Percentage of other costs, expenses or liabilities reimbursable to the Master Servicer, the Servicer, the Custodian or (up to the specified dollar limitation provided in the Trust Agreement) the Trustee.

Interest Settlement Rate As set by the BBA for one-month United States dollar deposits, as such rates appear on the Telerate Page 3750, as of 11:00 a.m. (London time) on such LIBOR Determination Date.

IRS..... The Internal Revenue Service.

ISDA Master Agreement	The International Swaps and Derivatives Association, Inc. Master Agreement (Multicurrency—Cross Border).
Issuing Entity	Structured Asset Securities Corporation Mortgage Loan Trust 2007-MLN1, a common law trust formed under the laws of the State of New York.
LBH	Lehman Brothers Holdings Inc.
Lehman Brothers	Lehman Brothers Inc.
LIBOR	The London Interbank Offered Rate. Generally, references to “LIBOR” in this private placement memorandum will refer to One-Month LIBOR.
LIBOR Business Day	Any day on which banks in London and New York are open for conducting transactions in foreign currency and exchange.
LIBOR Determination Date	The second LIBOR Business Day preceding the commencement of each Accrual Period (other than the first Accrual Period).
Liquidated Mortgage Loan	In general, a defaulted Mortgage Loan as to which the Master Servicer or the Servicer has determined that all amounts that it expects to recover in respect of such Mortgage Loan have been recovered (exclusive of any possibility of a deficiency judgment).
Loan-to-Value Ratio or LTV	For any Mortgage Loan at any date of determination, the ratio of the principal balance of such Mortgage Loan at the date of determination to (a) in the case of a purchase, the lesser of the sale price of the Mortgaged Property and its appraised value at the time of sale or (b) in the case of a refinancing or modification, the appraised value of the Mortgaged Property at the time of the refinancing or modification.
Lower Tier REMIC	Each lower tier REMIC comprising the Trust Fund.
M3 Principal Distribution Amount	For any Distribution Date on or after the Stepdown Date and as long as a Trigger Event is not in effect with respect to such Distribution Date, the amount, if any, by which (x) the sum of (i) the aggregate Class Principal Amount of the Senior Certificates, and (ii) the aggregate Class Principal Amount of the Class M1, Class M2 and Class M3 Certificates immediately prior to such Distribution Date exceeds (y) the M3 Target Amount.
M3 Target Amount	For any Distribution Date, an amount equal to the lesser of (a) the product of (1) approximately 75.00% and (2) the Aggregate Pool Balance for such Distribution Date determined as of the last day of the related Collection Period and (b) the amount, if any, by which (1) the Aggregate Pool Balance for such Distribution Date

determined as of the last day of the related Collection Period exceeds (2) the Overcollateralization Floor.

M4 Principal Distribution

Amount For any Distribution Date on or after the Stepdown Date and as long as a Trigger Event is not in effect with respect to such Distribution Date, the amount, if any, by which (x) the sum of (i) the aggregate Class Principal Amount of the Senior Certificates and the Class M1, Class M2 and Class M3 Certificates, in each case after giving effect to distributions on such Distribution Date, and (ii) the Class Principal Amount of the Class M4 Certificates immediately prior to such Distribution Date exceeds (y) the M4 Target Amount.

M4 Target Amount For any Distribution Date, an amount equal to the lesser of (a) the product of (1) approximately 79.00% and (2) the Aggregate Pool Balance for such Distribution Date determined as of the last day of the related Collection Period and (b) the amount, if any, by which (1) the Aggregate Pool Balance for such Distribution Date determined as of the last day of the related Collection Period exceeds (2) the Overcollateralization Floor.

M5 Principal Distribution

Amount For any Distribution Date on or after the Stepdown Date and as long as a Trigger Event is not in effect with respect to such Distribution Date, the amount, if any, by which (x) the sum of (i) the aggregate Class Principal Amount of the Senior Certificates and the Class M1, Class M2, Class M3 and Class M4 Certificates, in each case after giving effect to distributions on such Distribution Date, and (ii) the Class Principal Amount of the Class M5 Certificates immediately prior to such Distribution Date exceeds (y) the M5 Target Amount.

M5 Target Amount For any Distribution Date, an amount equal to the lesser of (a) the product of (1) approximately 82.00% and (2) the Aggregate Pool Balance for such Distribution Date determined as of the last day of the related Collection Period and (b) the amount, if any, by which (1) the Aggregate Pool Balance for such Distribution Date determined as of the last day of the related Collection Period exceeds (2) the Overcollateralization Floor.

M6 Principal Distribution

Amount For any Distribution Date on or after the Stepdown Date and as long as a Trigger Event is not in effect with respect to such Distribution Date, the amount, if any, by which (x) the sum of (i) the aggregate Class Principal Amount of the Senior Certificates and the Class M1, Class M2, Class M3, Class M4 and Class M5 Certificates, in each case after giving effect to distributions on such Distribution Date, and (ii) the Class Principal Amount of the

Class M6 Certificates immediately prior to such Distribution Date exceeds (y) the M6 Target Amount.

M6 Target Amount For any Distribution Date, an amount equal to the lesser of (a) the product of (1) approximately 83.80% and (2) the Aggregate Pool Balance for such Distribution Date determined as of the last day of the related Collection Period and (b) the amount, if any, by which (1) the Aggregate Pool Balance for such Distribution Date determined as of the last day of the related Collection Period exceeds (2) the Overcollateralization Floor.

M7 Principal Distribution

Amount For any Distribution Date on or after the Stepdown Date and as long as a Trigger Event is not in effect with respect to such Distribution Date, the amount, if any, by which (x) the sum of (i) the aggregate Class Principal Amount of the Senior Certificates and the Class M1, Class M2, Class M3, Class M4, Class M5 and Class M6 Certificates, in each case after giving effect to distributions on such Distribution Date, and (ii) the Class Principal Amount of the Class M7 Certificates immediately prior to such Distribution Date exceeds (y) the M7 Target Amount.

M7 Target Amount For any Distribution Date, an amount equal to the lesser of (a) the product of (1) approximately 85.80% and (2) the Aggregate Pool Balance for such Distribution Date determined as of the last day of the related Collection Period and (b) the amount, if any, by which (1) the Aggregate Pool Balance for such Distribution Date determined as of the last day of the related Collection Period exceeds (2) the Overcollateralization Floor.

M8 Principal Distribution

Amount For any Distribution Date on or after the Stepdown Date and as long as a Trigger Event is not in effect with respect to such Distribution Date, the amount, if any, by which (x) the sum of (i) the aggregate Class Principal Amount of the Senior Certificates and the Class M1, Class M2, Class M3, Class M4, Class M5, Class M6 and Class M7 Certificates, in each case after giving effect to distributions on such Distribution Date, and (ii) the Class Principal Amount of the Class M8 Certificates immediately prior to such Distribution Date exceeds (y) the M8 Target Amount.

M8 Target Amount For any Distribution Date, an amount equal to the lesser of (a) the product of (1) approximately 87.50% and (2) the Aggregate Pool Balance for such Distribution Date determined as of the last day of the related Collection Period and (b) the amount, if any, by which (1) the Aggregate Pool Balance for such Distribution Date determined as of the last day of the related Collection Period exceeds (2) the Overcollateralization Floor.

M9 Principal Distribution

Amount	For any Distribution Date on or after the Stepdown Date and as long as a Trigger Event is not in effect with respect to such Distribution Date, the amount, if any, by which (x) the sum of (i) the aggregate Class Principal Amount of the Senior Certificates and the Class M1, Class M2, Class M3, Class M4, Class M5, Class M6, Class M7 and Class M8 Certificates, in each case after giving effect to distributions on such Distribution Date, and (ii) the Class Principal Amount of the Class M9 Certificates immediately prior to such Distribution Date exceeds (y) the M9 Target Amount.
M9 Target Amount	For any Distribution Date, an amount equal to the lesser of (a) the product of (1) approximately 90.00% and (2) the Aggregate Pool Balance for such Distribution Date determined as of the last day of the related Collection Period and (b) the amount, if any, by which (1) the Aggregate Pool Balance for such Distribution Date determined as of the last day of the related Collection Period exceeds (2) the Overcollateralization Floor.
Master Servicer	Aurora, or any successor thereto.
Master Servicer Remittance	
Date	The Business Day that occurs two Business Days immediately before each Distribution Date.
Maximum Interest Rate	The Pool 1 Maximum Interest Rate, the Pool 2 Maximum Interest Rate or the Subordinate Maximum Interest Rate, as the context requires.
Maximum Rate	For any Mortgage Loan, the rate specified in the related mortgage note which the related Mortgage Rate will never exceed.
Minimum Rate	For any Mortgage Loan, the rate specified in the related mortgage note which the related Mortgage Rate will never be less than.
MLN	Mortgage Lenders Network USA, Inc.
Monthly Excess Cashflow	For any Distribution Date, the sum of Monthly Excess Interest, the Aggregate Overcollateralization Release Amount and any remaining Principal Distribution Amount from each Mortgage Pool for such Distribution Date.
Monthly Excess Interest	Any remaining Interest Remittance Amount from clause B.(v) under “Description of the Certificates—Distributions of Interest—Interest Distribution Priorities.”
Moody’s	Moody’s Investors Service, Inc.

Mortgage Lenders Network Underwriting Guidelines	The Underwriting Guidelines established by Mortgage Lenders Network USA, Inc.
Mortgage Loans	The conventional, first lien, adjustable and fixed rate, fully amortizing and balloon, residential mortgage loans included in the Trust Fund as of the Closing Date.
Mortgage Pool	Either of Pool 1 or Pool 2.
Mortgage Rate	For any Mortgage Loan, its applicable interest rate as determined in the related mortgage note as reduced by any application of the Relief Act.
Mortgaged Property	The real property securing a Mortgage Loan.
Net Funds Cap	The Pool 1 Net Funds Cap, the Pool 2 Net Funds Cap or the Subordinate Net Funds Cap, as the context requires.
Net Liquidation Proceeds	All amounts, net of (1) unreimbursed expenses and (2) unreimbursed Advances and servicing advances, received and retained in connection with the liquidation of defaulted Mortgage Loans, through insurance or condemnation proceeds, by foreclosure or otherwise, together with any net proceeds received on a monthly basis with respect to any properties acquired on behalf of the Certificateholders by foreclosure or deed in lieu of foreclosure.
Net Mortgage Rate	For any Mortgage Loan at any time, the Mortgage Rate thereof minus the Aggregate Expense Rate.
Net Prepayment Interest Shortfalls	Any Prepayment Interest Shortfalls not funded by the Servicer.
Net Swap Payment	The net payment required to be made one Business Day prior to each Distribution Date either by (a) the Supplemental Interest Trust to the Swap Counterparty, to the extent that the fixed amount exceeds the corresponding floating amount, or (b) the Swap Counterparty to the Supplemental Interest Trust, to the extent that the floating amount exceeds the corresponding fixed amount.
NIM Securities	The net interest margin securities issued in any NIMS Transaction.
NIMS Insurer	One or more financial guaranty insurance companies insuring the NIM Securities.
NIMS Transaction	The placement of the Class P and Class X Certificates (or a percentage therein) into a separate trust or other special purpose

entity which will issue NIM Securities backed by all or a portion of such Certificates.

Offered Certificates	The Senior Certificates and the Offered Subordinate Certificates.
Offered Subordinate Certificates ...	The Class M1, Class M2, Class M3, Class M4, Class M5, Class M6, Class M7, Class M8, Class M9, Class B1 and Class B2 Certificates.
OID	Original issue discount.
One-Month LIBOR	The average of the interbank offered rates for one-month U.S. dollar deposits in the London market.
Originator	Mortgage Lenders Network USA, Inc.
Overcollateralization Amount	For any Distribution Date, the amount, if any, by which (x) the Aggregate Pool Balance for such Distribution Date exceeds (y) the aggregate Class Principal Amount of the Offered Certificates after giving effect to distributions on such Distribution Date.
Overcollateralization Deficiency	For any Distribution Date, the amount, if any, by which (x) the Enhancement Target for such Distribution Date exceeds (y) the Overcollateralization Amount for such Distribution Date, calculated for this purpose after giving effect to the reduction on such Distribution Date of the Certificate Principal Amounts of the Offered Certificates resulting from the distribution of the Principal Distribution Amount on such Distribution Date, but prior to allocation of any Applied Loss Amount on such Distribution Date.
Overcollateralization Floor	The amount equal to approximately \$4,557,432 or 0.50% of the Cut-off Date Balance.
Participant	Participating organizations that utilize the services of DTC, including securities brokers and dealers, banks and trust companies and clearing corporations and certain other organizations.
Payahead	Generally any Scheduled Payment intended by the related borrower to be applied in a Collection Period subsequent to the Collection Period in which such payment was received.
Percentage Interest	For any Offered Certificate, a fraction, expressed as a percentage, the numerator of which is that Certificate's Certificate Principal Amount and the denominator of which is the applicable Class Principal Amount.
Periodic Cap	For any Adjustable Rate Mortgage Loan, the fixed percentage specified in the related mortgage note above and below which the

related Mortgage Rate will not be adjusted on any Adjustment Date, except for the first Adjustment Date.

- Plan**..... Any employee benefit plan or other retirement arrangement that is subject to ERISA or to Section 4975 of the Code.
- Pool 1**..... The Mortgage Pool consisting of the Pool 1 Mortgage Loans.
- Pool 1 Maximum Interest Rate**..... For the Group 1 Certificates and for each Distribution Date on or before the Distribution Date on which the aggregate Class Principal Amount of the Group 2 Certificates has been reduced to zero, an annual rate equal to (a) the product, expressed as a percentage, of (1) the weighted average of the amounts, if any, by which the maximum lifetime Mortgage Rate specified in each related mortgage note for the Pool 1 Mortgage Loans exceeds the applicable Aggregate Expense Rate and (2) a fraction, the numerator of which is 30 and the denominator of which is the actual number of days in the Accrual Period related to such Distribution Date; *plus* (b) the product, expressed as a percentage, of (1) the sum of (x) the amount of any Net Swap Payment owed by the Swap Counterparty for such Distribution Date allocable to Pool 1 (based on the applicable Pool Percentage) and (y) any Interest Rate Cap Amount owed by the Cap Counterparty for each Distribution Date allocable to Pool 1 (based on the applicable Pool Percentage) divided by the Pool Balance for Pool 1 as of the beginning of the related Collection Period and (2) a fraction, the numerator of which is 360 and the denominator of which is the actual number of days in the Accrual Period related to such Distribution Date; *minus* (c) the product, expressed as a percentage, of (1) the amount of any Net Swap Payment owed to the Swap Counterparty for such Distribution Date allocable to Pool 1 (based on the applicable Pool Percentage) divided by the Pool Balance for Pool 1 as of the beginning of the Collection Period and (2) a fraction, the numerator of which is 360 and the denominator of which is the actual number of days in the Accrual Period related to such Distribution Date.
- Pool 1 Mortgage Loans**..... The Mortgage Loans included in Pool 1.
- Pool 1 Net Funds Cap**..... For the Group 1 Certificates and for each Distribution Date, an annual rate equal to (a) a fraction, expressed as a percentage, the numerator of which is the product of (1) the excess, if any, of (i) the Pool 1 Optimal Interest Remittance Amount for such date over (ii) any Net Swap Payment or Swap Termination Payment (not due to a Swap Counterparty Trigger Event) owed to the Swap Counterparty for such Distribution Date allocable to Pool 1 (based on the applicable Pool Percentage) and (2) 12, and the denominator of which is the Pool Balance for Pool 1 as of the first day of the related Collection Period (not including for this purpose Pool 1 Mortgage Loans for which prepayments in full have been received and distributed in the month prior to that Distribution

Date), multiplied by (b) a fraction, the numerator of which is 30 and the denominator of which is the actual number of days in the Accrual Period related to such Distribution Date.

Pool 1 Optimal Interest

Remittance Amount..... For each Distribution Date, the product of (A) (x) the weighted average of the Net Mortgage Rates of the Pool 1 Mortgage Loans as of the first day of the related Collection Period divided by (y) 12 and (B) the Pool Balance for Pool 1 as of the first day of the related Collection Period (not including for this purpose Pool 1 Mortgage Loans for which prepayments in full have been received and distributed in the month prior to that Distribution Date).

Pool 2..... The Mortgage Pool consisting of the Pool 2 Mortgage Loans.

Pool 2 Maximum Interest Rate..... For the Group 2 Certificates and for each Distribution Date on or before the Distribution Date on which the Class Principal Amount of the Group 1 Certificates has been reduced to zero, an annual rate equal to (a) the product, expressed as a percentage, of (1) the weighted average of the amounts, if any, by which the maximum lifetime Mortgage Rate specified in each related mortgage note for the Pool 2 Mortgage Loans exceeds the applicable Aggregate Expense Rate and (2) a fraction, the numerator of which is 30 and the denominator of which is the actual number of days in the Accrual Period related to such Distribution Date; *plus* (b) the product, expressed as a percentage, of (1) the sum of (x) the amount of any Net Swap Payment owed by the Swap Counterparty for such Distribution Date allocable to Pool 2 (based on the applicable Pool Percentage) and (y) any Interest Rate Cap Amount owed by the Cap Counterparty for each Distribution Date allocable to Pool 2 (based on the applicable Pool Percentage) divided by the Pool Balance for Pool 2 as of the beginning of the related Collection Period and (2) a fraction, the numerator of which is 360 and the denominator of which is the actual number of days in the Accrual Period related to such Distribution Date; *minus* (c) the product, expressed as a percentage, of (1) the amount of any Net Swap Payment owed to the Swap Counterparty for such Distribution Date allocable to Pool 2 (based on the applicable Pool Percentage) divided by the Pool Balance for Pool 2 as of the beginning of the Collection Period and (2) a fraction, the numerator of which is 360 and the denominator of which is the actual number of days in the Accrual Period related to such Distribution Date.

Pool 2 Mortgage Loans..... The Mortgage Loans included in Pool 2.

Pool 2 Net Funds Cap..... For the Group 2 Certificates and for each Distribution Date, an annual rate equal to (a) a fraction, expressed as a percentage, the numerator of which is the product of (1) the excess, if any, of (i) the Pool 2 Optimal Interest Remittance Amount for such date over (ii) any Net Swap Payment or Swap Termination Payment (not

due to a Swap Counterparty Trigger Event) owed to the Swap Counterparty for such Distribution Date allocable to Pool 2 (based on the applicable Pool Percentage) and (2) 12, and the denominator of which is the Pool Balance for Pool 2 as of the first day of the related Collection Period (not including for this purpose Pool 2 Mortgage Loans for which prepayments in full have been received and distributed in the month prior to that Distribution Date), multiplied by (b) a fraction, the numerator of which is 30 and the denominator of which is the actual number of days in the Accrual Period related to such Distribution Date.

Pool 2 Optimal Interest

- Remittance Amount**..... For each Distribution Date, the product of (A) (x) the weighted average of the Net Mortgage Rates of the Pool 2 Mortgage Loans as of the first day of the related Collection Period divided by (y) 12 and (B) the Pool Balance for Pool 2 as of the first day of the related Collection Period (not including for this purpose Pool 2 Mortgage Loans for which prepayments in full have been received and distributed in the month prior to that Distribution Date).
- Pool Balance** For any Mortgage Pool as of any date of determination, the aggregate of the Scheduled Principal Balances of the Mortgage Loans in such Mortgage Pool as of such date.
- Pool Percentage** For each Mortgage Pool and any Distribution Date, a fraction, expressed as a percentage, the numerator of which is the Pool Balance for such Mortgage Pool for such Distribution Date and the denominator of which is the Aggregate Pool Balance for such Distribution Date.
- Pool Subordinate Amount**..... For each Mortgage Pool and any Distribution Date, the excess of the Pool Balance for such Mortgage Pool as of the first day of the related Collection Period over the Class Principal Amount of the Group 1 Certificates (in the case of Pool 1) and the aggregate Class Principal Amount of the Group 2 Certificates (in the case of Pool 2), immediately prior to the related Distribution Date.
- Prepayment Interest Excess**..... For any Mortgage Loan, any excess of any interest received on that Mortgage Loan over one month's interest at the Net Mortgage Rate.
- Prepayment Interest Shortfall** For any full or partial principal prepayment of a Mortgage Loan, the amount by which one month's interest at the Mortgage Rate (as reduced by the Servicing Fee Rate with respect to principal prepayments in full) on a Mortgage Loan as to which a voluntary prepayment has been made in the Prepayment Period exceeds the amount of interest actually received in connection with such prepayment.

- Prepayment Period** For each Distribution Date and the Mortgage Loans (with respect to a prepayment in part), the calendar month immediately preceding the month in which such Distribution Date occurs.
- For each Distribution Date and the Mortgage Loans (with respect to a prepayment in full), the period from the sixteenth (16th) day of the preceding calendar month through the fifteenth (15th) day of the calendar month in which the Distribution Date occurs.
- Prepayment Premium**..... A prepayment premium payable by the borrower in connection with certain full or partial prepayments of principal on a Mortgage Loan.
- Prepayment Premium Period** The period of time specified in the related mortgage note during which the related Mortgage Loan provides for payment of a Prepayment Premium in connection with certain voluntary, full or partial prepayments of that Mortgage Loan.
- Principal Distribution Amount** For each Mortgage Pool and any Distribution Date, an amount equal to (a) the Principal Remittance Amount for such Mortgage Pool for such date *minus* (b) the Aggregate Overcollateralization Release Amount attributable to such Mortgage Pool (based on the applicable Senior Proportionate Percentage), if any, for such Distribution Date.
- Principal Remittance Amount** For each Mortgage Pool and any Distribution Date, an amount equal to (a) the sum of (1) all principal collected (other than Payaheads) or advanced in respect of Scheduled Payments on the Mortgage Loans in such Mortgage Pool during the related Collection Period by the Servicer, the Master Servicer or the Trustee, in its capacity as successor master servicer (less unreimbursed Advances due to the Master Servicer, the Servicer or the Trustee, in its capacity as successor master servicer, with respect to such Mortgage Loans, to the extent allocable to principal, and any unreimbursed servicing advances not reimbursed by a reduction from the Interest Remittance Amount), (2) the principal portion of all prepayments in full or in part received on the Mortgage Loans in such Mortgage Pool during the related Prepayment Period or Collection Period, as applicable, (3) the outstanding principal balance of each Mortgage Loan in such Mortgage Pool that was repurchased by the Seller or the applicable Originator (or the NIMS Insurer in the case of certain Mortgage Loans 90 days or more delinquent) during the related Prepayment Period or Collection Period, as applicable, (4) the principal portion of any Substitution Amount paid with respect to any replaced Mortgage Loan in such Mortgage Pool during the related Prepayment Period or Collection Period, as applicable, and (5) all Net Liquidation Proceeds, Insurance Proceeds, any Subsequent Recovery and any other recoveries collected with respect to the Mortgage Loans in such Mortgage Pool during the

related Prepayment Period or Collection Period, as applicable, to the extent allocable to principal, *minus* (b) the Pool Percentage of any other costs, expenses or liabilities reimbursable to the Master Servicer, the Servicer, the Custodian or (up to the specified dollar limitation provided in the Trust Agreement) the Trustee from the Interest Remittance Amount described in clause (b) of the definition thereof and not reimbursed therefrom or otherwise.

- PTCE 95-60**..... Prohibited Transaction Class Exemption 95-60.
- PTE**..... A Prohibited Transaction Exemption granted by the U.S. Department of Labor.
- Purchase Price**..... An amount equal to the sum of (a) 100% of the aggregate outstanding principal balance of the Mortgage Loans plus accrued interest thereon at the applicable Mortgage Rate, (b) the fair market value of all other property being purchased (reduced, in the case of REO Property, by (1) reasonably anticipated disposition costs and (2) any amount by which the fair market value as so reduced exceeds the outstanding principal balance of the related Mortgage Loan plus accrued interest thereon at the applicable Mortgage Rate), (c) any unreimbursed servicing advances and (d) any Swap Termination Payment payable to the Swap Counterparty due to the exercise of the Master Servicer’s option to purchase the Mortgage Loans.
- QIB** A Qualified Institutional Buyer.
- Qualified GIC**..... A guaranteed investment contract or surety bond providing for the investment of funds in the Collection Account or the Certificate Account and insuring a minimum, fixed or floating rate of return on investments of such funds, which contract or surety bond shall:
- (i) be an obligation of an insurance company or other corporation whose long term debt is rated by each Rating Agency in one of its two highest rating categories or, if such insurance company has no long term debt, whose claims paying ability is rated by each Rating Agency in one of its two highest rating categories, and whose short-term debt is rated by each Rating Agency in its highest rating category;
 - (ii) provide that the Trustee may exercise all of the rights under such contract or surety bond without the necessity of taking any action by any other Person;
 - (iii) provide that if at any time the then current credit standing of the obligor under such guaranteed investment contract is such that continued investment pursuant to such contract of funds would result in a downgrading of any rating of the Certificates, the Trustee shall terminate such contract without penalty and be entitled to the return of all funds previously

invested thereunder, together with accrued interest thereon at the interest rate provided under such contract to the date of delivery of such funds to the Trustee;

(iv) provide that the Trustee's interest therein shall be transferable to any successor trustee hereunder; and

(v) provide that the funds reinvested thereunder and accrued interest thereon be returnable to the Collection Account or the Certificate Account, as the case may be, not later than the Business Day prior to any Distribution Date.

Qualified Institutional Buyer As defined in Rule 144A under the Securities Act.

Qualifying Substitute Mortgage

Loan Any Mortgage Loan substituted for a Deleted Loan by the Seller or the applicable Originator in connection with its substitution for a Deleted Loan following a breach of representation or warranty with respect to such Deleted Loan, as provided under "The Trust Agreement—Representations and Warranties."

Rate of Payment The applicable rate of payment for such Distribution Date under the Swap Agreement set forth in Annex D-1 to this private placement memorandum.

Rating Agencies Each of Fitch, Moody's and S&P.

Realized Loss The excess of the outstanding principal balance of a Liquidated Mortgage Loan over the related Net Liquidation Proceeds, to the extent allocable to principal.

Related Senior Principal

Distribution Amount For each Mortgage Pool and for any Distribution Date on or after the Stepdown Date and for as long as a Trigger Event is not in effect, an amount equal to the lesser of (x) the Class Principal Amount of the Group 1 Certificates (with respect to Pool 1) or the sum of the Class Principal Amounts of the Group 2 Certificates (with respect to Pool 2) immediately prior to that Distribution Date and (y) the product of (a) the Senior Principal Distribution Amount and (b) the related Senior Proportionate Percentage, in each case for such date.

Related Senior Priority With respect to the Group 1 Certificates and the Group 2 Certificates, the priorities of distributions described in clauses I.(A)(iii) and I.(B)(iii), respectively, under the heading "Description of the Certificates—Distributions of Principal—Principal Distribution Priorities."

Relevant Depository Each of the following, acting individually in such capacity: Citibank, N.A. generally, but not exclusively, acting as depository

for Clearstream Luxembourg and JPMorgan Chase Bank, N.A. generally, but not exclusively, acting as depository for Euroclear.

Relief Act	The Servicemembers Civil Relief Act, as amended, and similar state or local laws.
Relief Act Reduction	Any reduction of the applicable Mortgage Rate by application of the Relief Act.
Rolling Three Month Delinquency Rate	For any Distribution Date, an amount equal to the average of the Delinquency Rates for each of the three (or one and two, in the case of the first and second Distribution Dates, respectively) immediately preceding months.
Rule 144A	Rule 144A under the Securities Act.
Rule 144A Information	The information necessary to satisfy the requirements of paragraph (d)(4) of Rule 144A, including, without limitation, copies of any or all of the following items: <ul style="list-style-type: none">(i) this private placement memorandum and any amendments or supplements thereto;(ii) the Trust Agreement and any amendments thereto;(iii) copies of each monthly statement or report made available to holders of the Offered Certificates pursuant to the Trust Agreement during the 12 months immediately prior to such request;(iv) all monthly loan-level reports prepared by the Credit Risk Manager; and(v) such other information as is reasonably available to the Trustee and is directly related to the payments on the Offered Certificates.
S&P	Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.
Sale Agreement	The transfer agreement pursuant to which the Bank purchased the Mortgage Loans directly from the Originator, which Mortgage Loans and rights under the Sale Agreement were subsequently assigned to the Seller.
Sale and Assignment Agreement	The mortgage loan sale and assignment agreement dated as of February 1, 2007, between the Seller and the Depositor.

Sale Date	The date on which a Mortgage Loan was purchased by the Bank pursuant to the Sale Agreement.
Scheduled Notional Amount	For each Distribution Date and the Swap Agreement, the amount set forth in Annex D-1 to this private placement memorandum. The initial Scheduled Notional Amount with respect to the Swap Agreement will be approximately \$868,177,000. For each Distribution Date and the Interest Rate Cap Agreement, the amount set forth in Annex D-2 to this private placement memorandum. The initial Scheduled Notional Amount with respect to the Interest Rate Cap Agreement will be approximately \$31,000.
Scheduled Payment	The monthly scheduled payment of interest and principal specified in the related mortgage note for the Mortgage Loan.
Scheduled Principal Balance	For any Mortgage Loan as of any date of determination, an amount generally equal to its outstanding principal balance as of the Cut-off Date after giving effect to Scheduled Payments due on or before such date, whether or not received, as reduced by (1) the principal portion of all Scheduled Payments due on or before the due date in the Collection Period immediately preceding such date of determination, whether or not received and (2) all amounts allocable to unscheduled principal payments received on or before the last day of the Prepayment Period immediately preceding such date of determination. The Scheduled Principal Balance of a Liquidated Mortgage Loan will be equal to zero.
Securities Act	The Securities Act of 1933, as amended.
Seller	Lehman Brothers Holdings Inc.
Senior Certificates	The Class A1, Class A2, Class A3, Class A4 and Class A5 Certificates.
Senior Enhancement Percentage	For any Distribution Date, the fraction, expressed as a percentage, the numerator of which is the sum of the aggregate Class Principal Amount of the Offered Subordinate Certificates and the Overcollateralization Amount (which, for purposes of this definition only, shall not be less than zero) and the denominator of which is the Aggregate Pool Balance for such Distribution Date, in each case after giving effect to distributions on such Distribution Date.
Senior Principal Distribution Amount	For any Distribution Date on or after the Stepdown Date and as long as a Trigger Event is not in effect with respect to such Distribution Date, an amount equal to the lesser of (x) the sum of the Principal Distribution Amount for each Mortgage Pool and (y) the amount, if any, by which (A) the aggregate Class Principal

Amount of the Senior Certificates immediately prior to that Distribution Date exceeds (B) the Senior Target Amount.

Senior Proportionate Percentage.... For Pool 1 and for any Distribution Date, the fraction, expressed as a percentage, the numerator of which is the Principal Remittance Amount for Pool 1 for such Distribution Date and the denominator of which is the aggregate of the Principal Remittance Amounts for Pool 1 and Pool 2 for such Distribution Date.

For Pool 2 and for any Distribution Date, the fraction, expressed as a percentage, the numerator of which is the Principal Remittance Amount for Pool 2 for such Distribution Date and the denominator of which is the aggregate of the Principal Remittance Amounts for Pool 1 and Pool 2 for such Distribution Date.

Senior Target Amount For any Distribution Date, an amount equal to the lesser of (a) the product of (1) approximately 55.10% and (2) the Aggregate Pool Balance for such Distribution Date determined as of the last day of the related Collection Period and (b) the amount, if any, by which (1) the Aggregate Pool Balance for such Distribution Date determined as of the last day of the related Collection Period exceeds (2) the Overcollateralization Floor.

Servicer Remittance Date..... The 18th day of each month (or if the 18th day is not a Business Day, the next succeeding Business Day, as specified in the Servicing Agreement).

Servicer Countrywide.

Servicing Account A custodial account maintained by the Servicer established in the name of the Trustee and for the benefit of Certificateholders.

Servicing Agreement..... The servicing agreement, between the Seller, the Master Servicer and the Servicer.

Servicing Fee..... With respect to each Distribution Date and each Mortgage Loan, a monthly fee paid to the Servicer out of interest collections received from the related Mortgage Loans equal to the product of (a) one-twelfth of the Servicing Fee Rate and (b) the Scheduled Principal Balance of each Mortgage Loan as of the first day of the related Collection Period.

Servicing Fee Rate..... The applicable annual rate with respect to the Servicer set forth under "Fees and Expenses of the Trust Fund."

Six-Month LIBOR The average of the interbank offered rates for six-month U.S. dollar deposits in the London market, calculated as provided in the related mortgage note.

Six-Month LIBOR Mortgage

Loans	Adjustable Rate Mortgage Loans providing for semi-annual adjustment of the related Mortgage Rate based on Six-Month LIBOR.
SMMEA	The Secondary Mortgage Market Enhancement Act of 1984, as amended.
Sponsor	Lehman Brothers Holdings Inc.
Stepdown Date	The earlier of (x) the first Distribution Date following the Distribution Date on which the Class Principal Amounts of the Senior Certificates have each been reduced to zero and (y) the later of (1) the Distribution Date in March 2010 and (2) the first Distribution Date on which the Senior Enhancement Percentage (calculated for this purpose after giving effect to payments or other recoveries in respect of the Mortgage Loans during the related Collection Period, but before giving effect to distribution on any Certificates on such Distribution Date) is greater than or equal to approximately 44.90%.
Subordinate Certificates	The Offered Subordinate Certificates and the Class X, Class LT-R and Class R Certificates.
Subordinate Maximum Interest Rate	For (i) the Group 1 Certificates, for each Distribution Date after the Distribution Date on which the aggregate Class Principal Amount of the Group 2 Certificates has been reduced to zero; (ii) the Group 2 Certificates, for each Distribution Date after the Distribution Date on which the Class Principal Amount of the Group 1 Certificates has been reduced to zero; and (iii) the Offered Subordinate Certificates, the weighted average of the Pool 1 Maximum Interest Rate and the Pool 2 Maximum Interest Rate for such Distribution Date, weighted on the basis of (i) in the case of any Distribution Date on or before the date on which the aggregate Class Principal Amount of the Senior Certificates related to either Mortgage Pool has been reduced to zero, the Pool Subordinate Amount for each Mortgage Pool and (ii) for any Distribution Date thereafter, such weighting shall be on the basis of the Pool Balance of each Mortgage Pool.
Subordinate Net Funds Cap	For any Distribution Date, the weighted average of the Pool 1 Net Funds Cap and the Pool 2 Net Funds Cap, weighted on the basis of the Pool Subordinate Amount for each Mortgage Pool; <i>provided, however</i> , that on any Distribution Date after the aggregate Class Principal Amount of the Senior Certificates related to either Mortgage Pool has been reduced to zero, such weighting shall be on the basis of the Pool Balance of each Mortgage Pool.

Subordinate Priority	To the Class M1, Class M2, Class M3, Class M4, Class M5, Class M6, Class M7, Class M8, Class M9, Class B1 and Class B2 Certificates, sequentially, in that order.
Subsequent Recovery	Any amount recovered by the Servicer or the Master Servicer with respect to a Liquidated Mortgage Loan for which a Realized Loss has been incurred after liquidation and disposition of such Mortgage Loan.
Substitution Amount	Generally equal to the amount, if any, by which the Scheduled Principal Balance of a Mortgage Loan required to be removed from a Mortgage Pool due to a breach of a representation or warranty or defective documentation exceeds the principal balance of the related substitute Mortgage Loan, plus unpaid interest accrued thereon, any unpaid Advances or servicing advances, unpaid Servicing Fees (and related interest) and the costs and damages incurred by the Trust Fund in respect of such removed Mortgage Loan as a result of violations of any applicable federal, state or local predatory or abusive lending law with respect to such Mortgage Loan.
Supplemental Interest Trust	A separate trust created under the Trust Agreement that will hold the Swap Agreement and the Interest Rate Cap Agreement.
Swap Agreement	An interest rate swap agreement entered into on or prior to the Closing Date by the Trustee, not individually but solely in its capacity as Trustee of the Supplemental Interest Trust, with the Swap Counterparty, for the benefit of the Certificateholders.
Swap Counterparty	Swiss Re Financial Products Corporation, or any successor thereto.
Swap Counterparty Trigger Event	The occurrence of any of the following events: (i) a Swap Default with respect to which the Swap Counterparty is a Defaulting Party, (ii) a Termination Event (other than a Termination Event for Illegality or Tax Event) with respect to which the Swap Counterparty is the sole Affected Party or (iii) an Additional Termination Event with respect to which the Swap Counterparty is the sole Affected Party.
Swap Default	The events of default under the Swap Agreement consisting of the following standard events under the ISDA Master Agreement: <ul style="list-style-type: none"> ● “Failure to Pay,” ● “Breach of Agreement” (except that Section 5(a)(ii) will not apply to the Swap Counterparty with respect to its failure to comply with certain downgrade provisions in the Swap Agreement),

- “Credit Support Default,”
- “Misrepresentation,”
- “Cross Default,”
- “Bankruptcy” and
- “Merger without Assumption,”

as provided in Sections 5(a)(i), 5(a)(ii), 5(a)(iii), 5(a)(iv), 5(a)(vi), 5(a)(vii) and 5(a)(viii) of the ISDA Master Agreement, respectively.

Notwithstanding Sections 5(a)(i) and 5(a)(iii) of the ISDA Master Agreement, any failure of the Swap Counterparty to comply with its obligations to post collateral under the Swap Agreement will not be an event of default unless the Swap Counterparty’s applicable short-term or long-term credit rating by any Rating Agency falls below the applicable levels specified in the Swap Agreement, the applicable periods specified in the Swap Agreement have elapsed and such failure has not been remedied in the period specified in the Swap Agreement after notice has been given.

Swap Early Termination	The occurrence of an Early Termination Date under the Swap Agreement.
Swap Termination Payment	Any termination payment that either the Supplemental Interest Trust or the Swap Counterparty may be liable to make to the other upon any Swap Early Termination.
Target Amount	For any Distribution Date, an amount equal to the (i) Aggregate Pool Balance as of such Distribution Date minus (ii) the excess, if any, of (x) the Enhancement Target for such Distribution Date over (y) the Class Principal Amount of the Class B2 Certificates for such Distribution Date, calculated for this purpose after giving effect to distributions of the Principal Distribution Amount, but prior to allocation of any Applied Loss Amount on such Distribution Date.
Tax Counsel	McKee Nelson LLP.
Termination Event	The events under the Swap Agreement consisting of the following standard events under the ISDA Master Agreement: <ul style="list-style-type: none"> ● “Illegality” (which generally relates to changes in law causing it to become unlawful for either party to perform its obligations under the Swap Agreement), ● “Tax Event” (which generally relates to either party to the Swap Agreement receiving a payment under the Swap

Agreement from which an amount has been deducted or withheld for or on account of taxes), and

- “Tax Event Upon Merger” (which generally relates to either party to the Swap Agreement making a payment under the Swap Agreement from which an amount has been deducted or withheld for or on account of taxes resulting from a merger),

as described in Sections 5(b)(i), 5(b)(ii) and 5(b)(iii) of the ISDA master agreement, respectively.

Terms and Conditions	The Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System and applicable Belgian law.
Trigger Event	If on any Distribution Date, either a Delinquency Event or a Cumulative Loss Trigger Event is in effect for such Distribution Date.
Trust Accounts	The Certificate Account, the Collection Account, the Servicing Account, the Interest Rate Swap Account, the Interest Rate Cap Account and the Basis Risk Reserve Fund.
Trust Agreement	The trust agreement dated as of February 1, 2007, among the Depositor, the Master Servicer, the Credit Risk Manager and the Trustee.
Trust Fund	The trust fund created pursuant to the Trust Agreement, consisting primarily of those assets set forth in the first paragraph under the heading “Description of the Certificates—General” other than the assets of the Supplemental Interest Trust.
Trustee	Wells Fargo in its capacity as trustee under the Trust Agreement, or any successor thereto.
U.S. Bank	U.S. Bank National Association.
Underwriting Guidelines	The underwriting guidelines established by the Originator, in accordance with which the Mortgage Loans have been originated or acquired by the Originator.
Unpaid Basis Risk Shortfall	For any class of Offered Certificates on any Distribution Date, the aggregate of all Basis Risk Shortfalls for such class remaining unpaid from all previous Distribution Dates, together with interest thereon at the applicable Interest Rate, computed without regard to the applicable Net Funds Cap for such class, but limited to a rate no greater than the applicable Maximum Interest Rate.
Upper Tier REMIC	The upper tier REMIC comprising the Trust Fund.
Wells Fargo	Wells Fargo Bank, N.A.

Annex A

Global Clearance, Settlement and Tax Documentation Procedures

Except in certain limited circumstances, the Global Securities will be available only in book-entry form. Investors in the Global Securities may hold such 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 loan asset backed certificates 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.

A holder that is not a United States person (as described below) of Global Securities will be subject to U.S. withholding taxes unless such 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 Relevant Depositories, which in turn will hold such positions in accounts as DTC Participants.

Investors electing to hold their Global Securities through DTC will follow the settlement practices applicable to prior mortgage loan asset backed certificates 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 loan asset backed certificates 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 Relevant 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 either the actual number of days in such accrual period and a year assumed to consist of 360 days or a 360-day year of twelve thirty-day months as applicable to the related class of Global Securities. 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 Relevant 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 such 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 Relevant 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 Relevant 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 Relevant 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 either the actual number of days in such accrual period and a year assumed to consist of 360 days or a 360-day year of twelve thirty-day months as applicable to the related class of Global Securities. 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 the 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 or Euroclear Participant.

Certain U.S. Federal Income Tax Documentation Requirements

A holder that is not a "United States person" within the meaning of Section 7701(a)(30) of the Code holding a book-entry certificate through Clearstream, Euroclear or DTC may be subject to U.S. withholding tax at a rate of 30% unless such holder provides certain documentation to the Trustee or to

the U.S. entity required to withhold tax (the “U.S. withholding agent”) establishing an exemption from withholding. A holder that is not a United States person may be subject to 30% withholding unless:

(I) the Trustee or the U.S. withholding agent receives a statement—

(a) from the holder on IRS Form W-8BEN (or any successor form) that—

(i) is signed by the certificateholder under penalties of perjury,

(ii) certifies that such owner is not a United States person, and

(iii) provides the name and address of the certificateholder, or

(b) from a securities clearing organization, a bank or other financial institution that holds customers’ securities in the ordinary course of its trade or business that—

(i) is signed under penalties of perjury by an authorized representative of the financial institution,

(ii) states that the financial institution has received an IRS Form W-8BEN (or any successor form) from the certificateholder or that another financial institution acting on behalf of the certificateholder has received such IRS Form W-8BEN (or any successor form),

(iii) provides the name and address of the certificateholder, and

(iv) attaches the IRS Form W-8BEN (or any successor form) provided by the certificateholder;

(II) the holder claims an exemption or reduced rate based on a treaty and provides a properly executed IRS Form W-8BEN (or any successor form) to the Trustee or the U.S. withholding agent;

(III) the holder claims an exemption stating that the income is effectively connected to a U.S. trade or business and provides a properly executed IRS Form W-8ECI (or any successor form) to the Trustee or the U.S. withholding agent; or

(IV) the holder is a “nonwithholding partnership” and provides a properly executed IRS Form W-8IMY (or any successor form) with all necessary attachments to the Trustee or the U.S. withholding agent. Certain pass-through entities that have entered into agreements with the IRS (for example “qualified intermediaries”) may be subject to different documentation requirements; it is recommended that such holders consult with their tax advisors when purchasing the Certificates.

A holder holding book-entry certificates through Clearstream or Euroclear provides the forms and statements referred to above by submitting them to the person through which he holds an interest in the book-entry certificates, which is the clearing agency, in the case of persons holding directly on the books of the clearing agency. Under certain circumstances a Form W-8BEN, if furnished with a taxpayer identification number (“TIN”), will remain in effect until the status of the beneficial owner changes, or a change in circumstances makes any information on the form incorrect. A Form W-8BEN, if furnished without a TIN, 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 on the form incorrect.

In addition, all holders holding book-entry certificates through Clearstream, Euroclear or DTC may be subject to backup withholding at a rate of up to 31% unless the holder:

I. provides a properly executed IRS Form W-8BEN, Form W-8ECI or Form W-8IMY (or any successor forms) if that person is not a United States person;

II. provides a properly executed IRS Form W-9 (or any substitute form) if that person is a United States person; or

III. is a corporation, within the meaning of Section 7701(a) of the Code or otherwise establishes that it is a recipient exempt from United States backup withholding.

This summary does not deal with all aspects of federal income tax withholding or backup withholding that may be relevant to investors that are not United States persons within the meaning of Section 7701(a)(30) of the Code. Such investors are advised to consult their own tax advisors for specific tax advice concerning their holding and disposing of the book-entry certificates.

The term "United States person" means (1) a citizen or resident of the United States, (2) a corporation or partnership organized in or under the laws of the United States or any state or the District of Columbia (other than a partnership that is not treated as a United States person under any applicable Treasury regulations), (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 over the administration of the trust and one or more United States persons have authority to control all substantial decisions of the trust, and (5) to the extent provided in regulations, certain trusts in existence on August 20, 1996, that are treated as United States persons prior to such date and that elect to continue to be treated as United States persons.

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Annex B

Certain Characteristics of the Mortgage Loans

The following tables set forth certain information as of the Cut-off Date for the Pool 1 Mortgage Loans and Pool 2 Mortgage Loans, in each case having the stated characteristics shown in the tables in each range. As used in these tables, the “non-zero weighted average” of any characteristic of the Mortgage Loans will not include in such weighted average those Mortgage Loans which do not have that characteristic (or for which that characteristic cannot be determined). *(The sum of the amounts of the aggregate Scheduled Principal Balances and the percentages in the following tables may not equal the totals due to rounding.)*

Pool 1 Mortgage Loans

Loan Type - Pool 1 Mortgage Loans

Fully Amortizing Loan Type	Number of Mortgage Loans	Aggregate Scheduled Principal Balance	Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance	Weighted Average Gross Coupon	Adjustable Rate Mortgage Loan Percentage	Non-Zero Weighted Average Credit Score	Weighted Average Original LTV	Full Documentation
2/28 ARM (LIBOR).....	570	\$ 88,470,463.15	19.71 %	8.791 %	100.00 %	608	82.98 %	59.35 %
Fixed Rate - 30 Year.....	344	56,207,240.35	12.52	7.916	0.00	629	78.32	82.35
3/27 ARM (LIBOR).....	147	26,390,686.69	5.88	8.612	100.00	610	80.93	59.59
Fixed Rate - 15 Year.....	20	2,723,003.38	0.61	7.971	0.00	641	71.40	86.02
5/25 ARM (LIBOR).....	8	1,203,883.11	0.27	8.581	100.00	628	78.84	74.79
Fixed Rate - 20 Year.....	6	954,094.61	0.21	7.646	0.00	624	66.43	100.00
Fixed Rate - 25 Year.....	3	358,347.87	0.08	8.779	0.00	595	71.07	100.00
Subtotal:	<u>1,098</u>	<u>\$ 176,307,719.16</u>	<u>39.29 %</u>	<u>8.465 %</u>	<u>65.83 %</u>	<u>616</u>	<u>80.87 %</u>	<u>67.54 %</u>

Balloon Loan Type	Number of Mortgage Loans	Aggregate Scheduled Principal Balance	Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance	Weighted Average Gross Coupon	Adjustable Rate Mortgage Loan Percentage	Non-Zero Weighted Average Credit Score	Weighted Average Original LTV	Full Documentation
2/28 ARM (LIBOR) - 30/40 Year Balloon.....	835	\$ 169,260,101.29	37.72 %	8.383 %	100.00 %	615	82.27 %	59.94 %
3/27 ARM (LIBOR) - 30/40 Year Balloon.....	267	53,544,318.96	11.93	8.351	100.00	620	82.52	74.79
Fixed Rate - 30/40 Year Balloon.....	149	27,661,459.22	6.16	8.020	0.00	625	80.70	85.07
5/25 ARM (LIBOR) - 30/40 Year Balloon.....	9	2,060,681.49	0.46	7.933	100.00	629	81.60	80.67
Fixed Rate - 15/30 Year Balloon.....	2	111,192.53	0.02	9.466	0.00	615	84.28	100.00
Subtotal:	<u>1,262</u>	<u>\$ 252,637,753.49</u>	<u>56.30 %</u>	<u>8.333 %</u>	<u>89.01 %</u>	<u>617</u>	<u>82.14 %</u>	<u>66.03 %</u>

Interest-Only Loan Type	Number of Mortgage Loans	Aggregate Scheduled Principal Balance	Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance	Weighted Average Gross Coupon	Adjustable Rate Mortgage Loan Percentage	Non-Zero Weighted Average Credit Score	Weighted Average Original LTV	Full Documentation
2/28 ARM (LIBOR).....	71	\$ 15,274,725.90	3.40 %	7.708 %	100.00 %	634	79.46 %	69.64 %
3/27 ARM (LIBOR).....	18	4,020,141.64	0.90	7.959	100.00	635	81.29	74.76
5/25 ARM (LIBOR).....	2	525,400.00	0.12	7.508	100.00	593	87.37	26.34
Subtotal:	<u>91</u>	<u>\$ 19,820,267.54</u>	<u>4.42 %</u>	<u>7.754 %</u>	<u>100.00 %</u>	<u>633</u>	<u>80.04 %</u>	<u>69.53 %</u>
Total:	<u>2,451</u>	<u>\$ 448,765,740.19</u>	<u>100.00 %</u>	<u>8.359 %</u>	<u>80.39 %</u>	<u>617</u>	<u>81.55 %</u>	<u>66.78 %</u>

Original Interest-Only Term - Pool 1 Mortgage Loans

<u>Original Interest-Only Term for Interest-Only Mortgage Loans (months)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Interest-Only Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
60.....	89	\$ 19,294,867.54	97.35 %	7.761 %	100.00 %	634	79.84 %	70.71 %
84.....	2	525,400.00	2.65	7.508	100.00	593	87.37	26.34
Total:	<u>91</u>	<u>\$ 19,820,267.54</u>	<u>100.00 %</u>	<u>7.754 %</u>	<u>100.00 %</u>	<u>633</u>	<u>80.04 %</u>	<u>69.53 %</u>

Original Amortization Term - Pool 1 Mortgage Loans

<u>Amortization Term</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
40 Year Amortization.....	1,260	\$ 252,526,560.96	56.27 %	8.332 %	89.05 %	617	82.14 %	66.01 %
30 Year Amortization.....	1,071	172,383,465.83	38.41	8.477	67.33	615	81.12	67.02
Interest-Only.....	91	19,820,267.54	4.42	7.754	100.00	633	80.04	69.53
15 Year Amortization.....	20	2,723,003.38	0.61	7.971	0.00	641	71.40	86.02
20 Year Amortization.....	6	954,094.61	0.21	7.646	0.00	624	66.43	100.00
25 Year Amortization.....	3	358,347.87	0.08	8.779	0.00	595	71.07	100.00
Total:	<u>2,451</u>	<u>\$ 448,765,740.19</u>	<u>100.00 %</u>	<u>8.359 %</u>	<u>80.39 %</u>	<u>617</u>	<u>81.55 %</u>	<u>66.78 %</u>

Cut-Off Date Scheduled Principal Balances - Pool 1 Mortgage Loans

Range of Cut-Off Date Scheduled Principal Balances (\$)	Number of Mortgage Loans	Aggregate Scheduled Principal Balance	Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance	Weighted Average Gross Coupon	Adjustable Rate Mortgage Loan Percentage	Non-Zero Weighted Average Credit Score	Weighted Average Original LTV	Full Documentation
0.01 to 50,000.00.....	8	\$ 383,455.27	0.09 %	10.077 %	26.05 %	585	61.54 %	74.17 %
50,000.01 to 100,000.00.....	360	28,319,026.83	6.31	9.017	73.51	613	79.03	71.76
100,000.01 to 150,000.00.....	673	84,228,374.02	18.77	8.581	75.68	612	80.70	74.87
150,000.01 to 200,000.00.....	549	95,456,853.66	21.27	8.407	81.69	617	81.69	69.41
200,000.01 to 250,000.00.....	343	76,308,392.07	17.00	8.297	80.25	615	81.63	67.59
250,000.01 to 300,000.00.....	253	69,217,708.07	15.42	8.172	82.68	620	81.71	63.52
300,000.01 to 350,000.00.....	138	44,556,075.55	9.93	8.055	81.02	622	82.40	60.45
350,000.01 to 400,000.00.....	83	30,855,390.54	6.88	8.148	87.91	619	84.66	59.13
400,000.01 to 450,000.00.....	30	12,440,311.86	2.77	8.070	79.80	631	79.52	53.25
450,000.01 to 500,000.00.....	8	3,779,950.22	0.84	7.608	100.00	660	83.47	49.53
500,000.01 to 550,000.00.....	5	2,595,822.09	0.58	8.733	80.60	623	81.17	20.42
600,000.01 to 650,000.00.....	1	624,380.01	0.14	9.300	100.00	615	89.29	0.00
Total:	<u>2,451</u>	<u>\$ 448,765,740.19</u>	<u>100.00 %</u>	<u>8.359 %</u>	<u>80.39 %</u>	<u>617</u>	<u>81.55 %</u>	<u>66.78 %</u>

The average Cut-off Date Scheduled Principal Balance for the Mortgage Loans in Pool 1 is approximately \$183,094.

Mortgage Rates - Pool 1 Mortgage Loans*

Range of Mortgage Rates on Adjustable Rate Mortgage Loans (%)	Number of Mortgage Loans	Aggregate Scheduled Principal Balance	Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance	Weighted Average Gross Coupon	Adjustable Rate Mortgage Loan Percentage	Non-Zero Weighted Average Credit Score	Weighted Average Original LTV	Full Documentation
5.501 to 6.000.....	4	\$ 1,111,677.73	0.25 %	5.902 %	100.00 %	662	71.82 %	100.00 %
6.001 to 6.500.....	22	5,524,334.84	1.23	6.393	100.00	641	77.74	95.82
6.501 to 7.000.....	81	19,328,787.37	4.31	6.822	100.00	648	78.98	81.71
7.001 to 7.500.....	196	42,116,910.27	9.39	7.294	100.00	629	79.56	79.13
7.501 to 8.000.....	383	76,251,284.90	16.99	7.783	100.00	628	81.65	75.56
8.001 to 8.500.....	294	52,152,540.79	11.62	8.291	100.00	621	80.63	60.14
8.501 to 9.000.....	353	64,340,774.35	14.34	8.780	100.00	611	83.52	55.32
9.001 to 9.500.....	212	38,518,547.90	8.58	9.287	100.00	599	83.90	47.55
9.501 to 10.000.....	204	34,561,048.56	7.70	9.747	100.00	590	84.99	45.26
10.001 to 10.500.....	84	13,401,906.71	2.99	10.269	100.00	575	86.00	46.99
10.501 to 11.000.....	62	9,722,776.07	2.17	10.750	100.00	571	87.78	40.43
Greater than 11.000.....	32	3,719,812.74	0.83	11.526	100.00	568	81.18	48.38
Subtotal:	1,927	\$ 360,750,402.23	80.39 %	8.458 %	100.00 %	615	82.24 %	62.67 %

Range of Mortgage Rates on Fixed Rate Mortgage Loans (%)	Number of Mortgage Loans	Aggregate Scheduled Principal Balance	Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance	Weighted Average Gross Coupon	Adjustable Rate Mortgage Loan Percentage	Non-Zero Weighted Average Credit Score	Weighted Average Original LTV	Full Documentation
5.501 to 6.000.....	2	\$ 484,656.44	0.11 %	5.721 %	0.00 %	695	65.53 %	100.00 %
6.001 to 6.500.....	23	5,668,570.62	1.26	6.394	0.00	663	72.44	63.38
6.501 to 7.000.....	49	9,804,766.91	2.18	6.826	0.00	652	74.88	84.06
7.001 to 7.500.....	82	14,861,687.63	3.31	7.300	0.00	638	73.76	91.99
7.501 to 8.000.....	147	26,016,667.50	5.80	7.801	0.00	627	78.94	91.85
8.001 to 8.500.....	75	12,661,612.74	2.82	8.267	0.00	618	81.09	83.68
8.501 to 9.000.....	40	5,697,351.37	1.27	8.747	0.00	618	81.87	85.64
9.001 to 9.500.....	38	4,914,167.83	1.10	9.206	0.00	600	83.21	77.54
9.501 to 10.000.....	21	2,596,828.98	0.58	9.836	0.00	626	87.62	54.29
10.001 to 10.500.....	18	2,064,456.86	0.46	10.310	0.00	577	85.89	64.11
10.501 to 11.000.....	16	1,711,756.92	0.38	10.779	0.00	572	88.98	76.11
Greater than 11.000.....	13	1,532,814.16	0.34	11.453	0.00	589	92.13	24.45
Subtotal:	524	\$ 88,015,337.96	19.61 %	7.953 %	0.00 %	628	78.70 %	83.60 %
Total:	2,451	\$ 448,765,740.19	100.00 %	8.359 %	80.39 %	617	81.55 %	66.78 %

The weighted average Mortgage Rate for Adjustable Rate Mortgage Loans and Fixed Rate Mortgage Loans in Pool 1 is approximately 8.458% and 7.953%, respectively.

* Reflects the Mortgage Rates for the Mortgage Loans as of the Cut-off Date.

Original Terms to Maturity - Pool 1 Mortgage Loans

Range of Original Terms to Maturity (months)	Number of Mortgage Loans	Aggregate Scheduled Principal Balance	Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance	Weighted Average Gross Coupon	Adjustable Rate Mortgage Loan Percentage	Non-Zero Weighted Average Credit Score	Weighted Average Original LTV	Full Documentation
1 to 180.....	22	\$ 2,834,195.91	0.63 %	8.030 %	0.00 %	640	71.90 %	86.57 %
181 to 240.....	6	954,094.61	0.21	7.646	0.00	624	66.43	100.00
241 to 360.....	2,423	444,977,449.67	99.16	8.363	81.07	617	81.64	66.58
Total:	<u>2,451</u>	<u>\$ 448,765,740.19</u>	<u>100.00 %</u>	<u>8.359 %</u>	<u>80.39 %</u>	<u>617</u>	<u>81.55 %</u>	<u>66.78 %</u>

The weighted average original term to maturity for the Mortgage Loans in Pool 1 is approximately 359 months.

Remaining Terms to Maturity - Pool 1 Mortgage Loans

Range of Remaining Terms to Maturity (months)	Number of Mortgage Loans	Aggregate Scheduled Principal Balance	Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance	Weighted Average Gross Coupon	Adjustable Rate Mortgage Loan Percentage	Non-Zero Weighted Average Credit Score	Weighted Average Original LTV	Full Documentation
1 to 180.....	22	\$ 2,834,195.91	0.63 %	8.030 %	0.00 %	640	71.90 %	86.57 %
181 to 240.....	6	954,094.61	0.21	7.646	0.00	624	66.43	100.00
241 to 360.....	2,423	444,977,449.67	99.16	8.363	81.07	617	81.64	66.58
Total:	<u>2,451</u>	<u>\$ 448,765,740.19</u>	<u>100.00 %</u>	<u>8.359 %</u>	<u>80.39 %</u>	<u>617</u>	<u>81.55 %</u>	<u>66.78 %</u>

The weighted average remaining term to maturity for the Mortgage Loans in Pool 1 is approximately 354 months.

Original Loan-to-Value Ratios - Pool 1 Mortgage Loans

<u>Range of Original Loan-to-Value Ratios (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
Less than 60.001.....	119	\$ 18,049,239.93	4.02 %	7.996 %	57.31 %	605	50.88 %	76.80 %
60.001 to 70.000.....	161	30,226,614.74	6.74	8.085	67.69	596	66.54	65.31
70.001 to 80.000.....	1,277	226,665,703.11	50.51	8.133	81.13	623	79.01	63.88
80.001 to 85.000.....	199	39,019,644.93	8.69	8.266	81.63	612	84.44	68.03
85.001 to 90.000.....	426	81,900,192.35	18.25	8.749	87.37	608	89.66	74.56
90.001 to 95.000.....	142	29,575,469.60	6.59	8.679	81.52	632	94.46	65.77
95.001 to 100.000.....	127	23,328,875.53	5.20	9.575	79.46	629	99.77	60.96
Total:	<u>2,451</u>	<u>\$ 448,765,740.19</u>	<u>100.00 %</u>	<u>8.359 %</u>	<u>80.39 %</u>	<u>617</u>	<u>81.55 %</u>	<u>66.78 %</u>

The weighted average original Loan-to-Value Ratio for the Mortgage Loans in Pool 1 is approximately 81.55%.

Original Full Combined Loan-to-Value Ratios - Pool 1 Mortgage Loans*

<u>Range of Original Full Combined Loan-to-Value Ratios (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
Less than 60.001.....	118	\$ 17,963,162.21	4.00 %	7.992 %	57.58 %	605	50.87 %	76.68 %
60.001 to 70.000.....	161	30,222,845.69	6.73	8.087	67.40	596	66.51	65.61
70.001 to 80.000.....	503	95,866,756.06	21.36	8.164	71.20	603	77.69	63.22
80.001 to 85.000.....	197	38,634,151.30	8.61	8.272	81.45	612	84.45	67.71
85.001 to 90.000.....	425	82,372,599.63	18.36	8.728	87.04	608	89.54	74.79
90.001 to 95.000.....	172	35,664,638.66	7.95	8.585	83.29	634	92.06	63.66
95.001 to 100.000.....	875	148,041,586.64	32.99	8.349	87.08	635	83.10	64.16
Total:	<u>2,451</u>	<u>\$ 448,765,740.19</u>	<u>100.00 %</u>	<u>8.359 %</u>	<u>80.39 %</u>	<u>617</u>	<u>81.55 %</u>	<u>66.78 %</u>

The weighted average original full combined Loan-to-Value Ratio for the Mortgage Loans in Pool 1 is approximately 87.31%.

* Reflects the original Loan-to-Value Ratio, including any subordinate liens, whether or not such subordinate liens are owned by the Trust Fund.

Lien Priority - Pool 1 Mortgage Loans

<u>Lien Priority</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
1st Lien.....	2,451	\$ 448,765,740.19	100.00 %	8.359 %	80.39 %	617	81.55 %	66.78 %
Total:	<u>2,451</u>	<u>\$ 448,765,740.19</u>	<u>100.00 %</u>	<u>8.359 %</u>	<u>80.39 %</u>	<u>617</u>	<u>81.55 %</u>	<u>66.78 %</u>

Days Delinquent - Pool 1 Mortgage Loans

<u>Days Delinquent</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
Less than 30 days.....	2,451	\$ 448,765,740.19	100.00 %	8.359 %	80.39 %	617	81.55 %	66.78 %
Total:	<u>2,451</u>	<u>\$ 448,765,740.19</u>	<u>100.00 %</u>	<u>8.359 %</u>	<u>80.39 %</u>	<u>617</u>	<u>81.55 %</u>	<u>66.78 %</u>

30-Day Delinquencies In Past 12 Months - Pool 1 Mortgage Loans

<u>30-Day Delinquencies In Past 12 Months</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
None.....	2,449	\$ 448,294,833.32	99.90 %	8.358 %	80.37 %	617	81.53 %	66.74 %
1.....	2	470,906.87	0.10	9.644	100.00	581	97.73	100.00
Total:	<u>2,451</u>	<u>\$ 448,765,740.19</u>	<u>100.00 %</u>	<u>8.359 %</u>	<u>80.39 %</u>	<u>617</u>	<u>81.55 %</u>	<u>66.78 %</u>

60-Day Delinquencies In Past 12 Months - Pool 1 Mortgage Loans

<u>60-Day Delinquencies In Past 12 Months</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
None.....	2,451	\$ 448,765,740.19	100.00 %	8.359 %	80.39 %	617	81.55 %	66.78 %
Total:	<u>2,451</u>	<u>\$ 448,765,740.19</u>	<u>100.00 %</u>	<u>8.359 %</u>	<u>80.39 %</u>	<u>617</u>	<u>81.55 %</u>	<u>66.78 %</u>

90+Day Delinquencies In Past 12 Months - Pool 1 Mortgage Loans

<u>90+Day Delinquencies In Past 12 Months</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
None.....	2,451	\$ 448,765,740.19	100.00 %	8.359 %	80.39 %	617	81.55 %	66.78 %
Total:	<u>2,451</u>	<u>\$ 448,765,740.19</u>	<u>100.00 %</u>	<u>8.359 %</u>	<u>80.39 %</u>	<u>617</u>	<u>81.55 %</u>	<u>66.78 %</u>

Geographic Distribution - Pool 1 Mortgage Loans

<u>Location</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
Florida.....	313	\$ 56,504,440.08	12.59 %	8.458 %	81.53 %	613	80.61 %	59.70 %
Maryland.....	213	44,782,436.23	9.98	8.025	79.80	617	80.69	72.33
New Jersey.....	131	32,224,271.76	7.18	8.478	80.50	617	80.45	53.57
Massachusetts.....	118	28,845,635.58	6.43	7.961	73.61	626	79.97	75.07
New York.....	105	28,329,313.04	6.31	8.014	78.97	622	77.44	55.99
Georgia.....	182	28,244,485.96	6.29	8.658	80.21	619	85.35	70.59
Arizona.....	132	24,660,205.82	5.50	8.223	92.21	625	81.54	49.90
Illinois.....	121	21,364,760.73	4.76	8.386	90.46	614	84.63	68.92
Connecticut.....	103	21,339,221.97	4.76	8.363	83.82	614	80.84	71.63
Virginia.....	106	20,944,815.57	4.67	8.364	85.32	617	82.75	67.31
Other.....	927	141,526,153.45	31.54	8.508	76.96	616	82.30	72.37
Total:	<u>2,451</u>	<u>\$ 448,765,740.19</u>	<u>100.00 %</u>	<u>8.359 %</u>	<u>80.39 %</u>	<u>617</u>	<u>81.55 %</u>	<u>66.78 %</u>

Property Type - Pool 1 Mortgage Loans

<u>Property Type</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
Single Family.....	1,871	\$ 327,333,307.44	72.94 %	8.384 %	78.87 %	615	81.59 %	68.71 %
Planned Unit Development.....	268	55,152,959.19	12.29	8.193	85.33	622	81.55	67.35
Two-to Four-Family.....	131	35,201,312.02	7.84	8.258	80.40	627	79.82	57.24
Condominium.....	181	31,078,161.54	6.93	8.502	87.62	628	83.03	56.22
Total:	<u>2,451</u>	<u>\$ 448,765,740.19</u>	<u>100.00 %</u>	<u>8.359 %</u>	<u>80.39 %</u>	<u>617</u>	<u>81.55 %</u>	<u>66.78 %</u>

Loan Purpose - Pool 1 Mortgage Loans

<u>Loan Purpose</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
Cash Out Refinance.....	1,777	\$ 351,988,511.24	78.43 %	8.280 %	78.11 %	614	81.07 %	70.02 %
Purchase.....	657	93,389,388.46	20.81	8.692	90.41	630	83.61	54.90
Rate/Term Refinance.....	17	3,387,840.49	0.75	7.397	40.10	645	74.37	57.35
Total:	<u>2,451</u>	<u>\$ 448,765,740.19</u>	<u>100.00 %</u>	<u>8.359 %</u>	<u>80.39 %</u>	<u>617</u>	<u>81.55 %</u>	<u>66.78 %</u>

Occupancy Status - Pool 1 Mortgage Loans

<u>Occupancy Status</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
Primary Home.....	2,232	\$ 410,311,773.66	91.43 %	8.319 %	79.35 %	615	81.45 %	68.35 %
Investment.....	153	24,298,987.70	5.41	8.867	89.90	630	82.43	60.60
Second Home.....	66	14,154,978.83	3.15	8.656	94.19	658	82.99	31.75
Total:	<u>2,451</u>	<u>\$ 448,765,740.19</u>	<u>100.00 %</u>	<u>8.359 %</u>	<u>80.39 %</u>	<u>617</u>	<u>81.55 %</u>	<u>66.78 %</u>

Loan Documentation - Pool 1 Mortgage Loans

<u>Loan Documentation</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
Full Documentation.....	1,698	\$ 299,670,916.96	66.78 %	8.142 %	75.45 %	612	81.53 %	100.00 %
Stated Income Documentation.....	612	118,189,779.60	26.34	8.983	91.57	631	81.38	0.00
Lite Documentation.....	141	30,905,043.63	6.89	8.078	85.55	614	82.34	0.00
Total:	<u>2,451</u>	<u>\$ 448,765,740.19</u>	<u>100.00 %</u>	<u>8.359 %</u>	<u>80.39 %</u>	<u>617</u>	<u>81.55 %</u>	<u>66.78 %</u>

Credit Scores - Pool 1 Mortgage Loans

<u>Range of Credit Scores</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
500 to 520.....	78	\$ 13,051,138.61	2.91 %	9.889 %	89.67 %	511	79.92 %	85.14 %
521 to 540.....	87	15,122,142.86	3.37	9.320	88.79	529	74.21	76.97
541 to 560.....	137	24,821,588.66	5.53	9.038	89.57	551	77.73	75.04
561 to 580.....	157	25,870,972.05	5.76	8.872	81.97	571	80.75	73.00
581 to 600.....	358	64,232,557.82	14.31	8.555	83.51	590	81.78	74.72
601 to 620.....	476	88,063,078.17	19.62	8.339	82.34	610	82.91	67.45
621 to 640.....	485	87,474,577.12	19.49	8.161	79.50	630	81.01	63.50
641 to 660.....	329	62,824,268.16	14.00	8.108	75.88	649	83.65	61.78
661 to 680.....	156	31,008,497.46	6.91	7.855	72.56	669	83.21	61.44
681 to 700.....	91	18,197,672.02	4.06	7.664	68.26	688	79.67	51.51
701 to 720.....	58	10,570,094.66	2.36	7.542	78.99	709	82.60	56.02
721 to 740.....	22	4,272,077.32	0.95	7.552	73.29	731	82.44	52.22
741 to 760.....	12	2,361,270.06	0.53	7.765	73.99	748	81.37	35.80
761 to 780.....	2	221,667.24	0.05	7.371	0.00	779	72.48	100.00
781 and above.....	3	674,137.98	0.15	8.085	100.00	784	80.00	0.00
Total:	<u>2,451</u>	<u>\$ 448,765,740.19</u>	<u>100.00 %</u>	<u>8.359 %</u>	<u>80.39 %</u>	<u>617</u>	<u>81.55 %</u>	<u>66.78 %</u>

The non-zero weighted average Credit Score for the Mortgage Loans in Pool 1 is approximately 617.

Debt-to-Income Ratios (with Full Documentation) - Pool 1 Mortgage Loans

<u>Range of Debt-to-Income Ratios of Mortgage Loans with Full Documentation (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
20.01 to 25.00.....	81	\$ 13,228,555.88	2.95 %	8.153 %	74.85 %	612	77.94 %	100.00 %
25.01 to 30.00.....	110	17,894,834.56	3.99	8.273	74.67	608	80.87	100.00
30.01 to 35.00.....	174	28,608,898.59	6.38	8.084	71.99	617	80.11	100.00
35.01 to 40.00.....	229	38,290,995.81	8.53	8.182	72.10	615	82.37	100.00
40.01 to 45.00.....	269	44,267,572.56	9.86	8.082	73.30	614	80.90	100.00
45.01 to 50.00.....	401	68,374,388.69	15.24	8.094	77.38	616	82.01	100.00
50.01 to 55.00.....	434	89,005,670.87	19.83	8.183	77.82	607	82.25	100.00
Subtotal:	1,698	\$ 299,670,916.96	66.78 %	8.142 %	75.45 %	612	81.53 %	100.00 %

Debt-to-Income Ratios (with Non-Full Documentation) - Pool 1 Mortgage Loans*

<u>Range of Debt-to-Income Ratios of Mortgage Loans with Non-Full Documentation (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
20.01 to 25.00.....	26	\$ 5,344,172.43	1.19 %	8.474 %	77.19 %	629	76.00 %	0.00 %
25.01 to 30.00.....	38	6,023,304.47	1.34	8.506	88.68	615	78.74	0.00
30.01 to 35.00.....	67	11,778,118.94	2.62	8.780	91.46	631	81.70	0.00
35.01 to 40.00.....	135	25,506,807.20	5.68	8.630	91.07	636	81.49	0.00
40.01 to 45.00.....	164	31,251,491.53	6.96	8.820	91.67	624	82.56	0.00
45.01 to 50.00.....	200	40,012,380.94	8.92	9.007	92.77	628	81.56	0.00
50.01 to 55.00.....	123	29,178,547.72	6.50	8.747	87.15	623	82.18	0.00
Subtotal:	753	\$ 149,094,823.23	33.22 %	8.795 %	90.32 %	627	81.58 %	0.00 %
Total:	2,451	\$ 448,765,740.19	100.00 %	8.359 %	80.39 %	617	81.55 %	66.78 %

The weighted average debt-to-income ratio for Mortgage Loans with full documentation and non-full documentation in Pool 1 (for which the debt-to-income ratio is available or can be determined) is approximately 43.59% and 43.06%, respectively.

* The debt-to-income ratios for the Mortgage Loans with non-full documentation may have been originated under programs pursuant to which there was no verification of the borrowers' income.

Prepayment Premium Term by Loan Type - Pool 1 Mortgage Loans (\$)

<u>Loan Type</u>	<u>Principal Balance of Mortgage Loans with No Premium</u>	<u>Principal Balance of Mortgage Loans with Premium Terms of 1-12 Months</u>	<u>Principal Balance of Mortgage Loans with Premium Terms of 13-24 Months</u>	<u>Principal Balance of Mortgage Loans with Premium Terms of 25-36 Months</u>	<u>Principal Balance of Mortgage Loans with Premium Terms of 37-48 Months</u>	<u>Principal Balance of Mortgage Loans with Premium Terms of 49-60 Months</u>	<u>Total</u>
2 Year Hybrid.....	\$ 80,881,713.63	\$ 27,006,213.72	\$ 162,550,626.15	\$ 2,566,736.84	\$ 0.00	\$ 0.00	\$ 273,005,290.34
Fixed Rate.....	31,134,749.91	5,831,888.54	7,457,768.92	43,590,930.59	0.00	0.00	88,015,337.96
3 Year Hybrid.....	46,605,285.09	9,499,746.18	3,699,323.00	24,150,793.02	0.00	0.00	83,955,147.29
5 Year Hybrid.....	921,915.04	650,591.32	425,962.52	1,791,495.72	0.00	0.00	3,789,964.60
Total:	<u>\$ 159,543,663.67</u>	<u>\$ 42,988,439.76</u>	<u>\$ 174,133,680.59</u>	<u>\$ 72,099,956.17</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 448,765,740.19</u>

Prepayment Premium Term by Loan Type - Pool 1 Mortgage Loans (%)

<u>Loan Type</u>	<u>Percentage of Mortgage Loans with No Premium</u>	<u>Percentage of Mortgage Loans with Premium Terms of 1-12 Months</u>	<u>Percentage of Mortgage Loans with Premium Terms of 13-24 Months</u>	<u>Percentage of Mortgage Loans with Premium Terms of 25-36 Months</u>	<u>Percentage of Mortgage Loans with Premium Terms of 37-48 Months</u>	<u>Percentage of Mortgage Loans with Premium Terms of 49-60 Months</u>	<u>Total</u>
2 Year Hybrid.....	18.02 %	6.02 %	36.22 %	0.57 %	0.00 %	0.00 %	60.83 %
Fixed Rate.....	6.94	1.30	1.66	9.71	0.00	0.00	19.61
3 Year Hybrid.....	10.39	2.12	0.82	5.38	0.00	0.00	18.71
5 Year Hybrid.....	0.21	0.14	0.09	0.40	0.00	0.00	0.84
Total:	<u>35.55 %</u>	<u>9.58 %</u>	<u>38.80 %</u>	<u>16.07 %</u>	<u>0.00 %</u>	<u>0.00 %</u>	<u>100.00 %</u>

Prepayment Premium Description - Pool 1 Mortgage Loans

Prepayment Premium Description	Number of Mortgage Loans	Aggregate Scheduled Principal Balance	Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance	Weighted Average Gross Coupon	Adjustable Rate Mortgage Loan Percentage	Non-Zero Weighted Average Credit Score	Weighted Average Original LTV	Full Documentation
5% of Unpaid Principal Balance.....	1,116	\$ 200,325,863.58	44.64 %	8.304 %	79.98 %	618	81.20 %	65.72 %
None.....	838	159,543,663.67	35.55	8.475	80.49	615	81.55	64.92
6 Mo. Interest on Amount Prepaid in Excess of 20% of the Original Balance.....	209	42,729,871.22	9.52	7.870	79.10	626	80.98	76.09
2% of Unpaid Principal Balance.....	125	23,381,392.48	5.21	8.375	88.10	619	82.85	66.58
1% of Unpaid Principal Balance.....	95	13,275,952.32	2.96	9.127	78.94	604	85.14	68.85
Other.....	68	9,508,996.92	2.12	8.660	76.12	621	83.24	75.92
Total:	<u>2,451</u>	<u>\$ 448,765,740.19</u>	<u>100.00 %</u>	<u>8.359 %</u>	<u>80.39 %</u>	<u>617</u>	<u>81.55 %</u>	<u>66.78 %</u>

Gross Margins of the Adjustable Rate Mortgage Loans - Pool 1 Mortgage Loans

Range of Gross Margins (%)	Number of Mortgage Loans	Aggregate Scheduled Principal Balance	Percentage of Adjustable Rate Mortgage Loans by Aggregate Scheduled Principal Balance	Weighted Average Gross Coupon	Adjustable Rate Mortgage Loan Percentage	Non-Zero Weighted Average Credit Score	Weighted Average Original LTV	Full Documentation
Less than 3.001.....	2	\$ 488,848.57	0.14 %	5.973 %	100.00 %	674	68.70 %	100.00 %
3.001 to 3.500.....	13	3,044,408.92	0.84	6.332	100.00	643	78.05	92.42
3.501 to 4.000.....	61	15,186,813.77	4.21	6.718	100.00	641	78.18	85.31
4.001 to 4.500.....	135	29,586,465.58	8.20	7.181	100.00	636	79.10	80.49
4.501 to 5.000.....	246	51,171,041.77	14.18	7.623	100.00	630	80.94	74.57
5.001 to 5.500.....	369	71,484,294.93	19.82	8.018	100.00	624	81.64	70.60
5.501 to 6.000.....	327	59,665,633.16	16.54	8.581	100.00	613	82.41	55.60
6.001 to 6.500.....	298	52,753,957.17	14.62	9.012	100.00	605	83.01	55.05
6.501 to 7.000.....	239	38,665,110.84	10.72	9.612	100.00	595	84.06	43.92
7.001 to 7.500.....	191	31,767,241.97	8.81	10.109	100.00	584	86.11	45.36
7.501 to 8.000.....	46	6,936,585.55	1.92	10.270	100.00	581	88.16	54.52
Total:	<u>1,927</u>	<u>\$ 360,750,402.23</u>	<u>100.00 %</u>	<u>8.458 %</u>	<u>100.00 %</u>	<u>615</u>	<u>82.24 %</u>	<u>62.67 %</u>

The weighted average Gross Margin for Adjustable Rate Mortgage Loans in Pool 1 is approximately 5.662%.

Maximum Rates of the Adjustable Rate Mortgage Loans - Pool 1 Mortgage Loans

Range of Maximum Rates (%)	Number of Mortgage Loans	Aggregate Scheduled Principal Balance	Percentage of Adjustable Rate Mortgage Loans by Aggregate Scheduled Principal Balance	Weighted Average Gross Coupon	Adjustable Rate Mortgage Loan Percentage	Non-Zero Weighted Average Credit Score	Weighted Average Original LTV	Full Documentation
11.501 to 12.000.....	4	\$ 1,111,677.73	0.31 %	5.902 %	100.00 %	662	71.82 %	100.00 %
12.001 to 12.500.....	22	5,524,334.84	1.53	6.393	100.00	641	77.74	95.82
12.501 to 13.000.....	81	19,328,787.37	5.36	6.822	100.00	648	78.98	81.71
13.001 to 13.500.....	196	42,116,910.27	11.67	7.294	100.00	629	79.56	79.13
13.501 to 14.000.....	383	76,251,284.90	21.14	7.783	100.00	628	81.65	75.56
14.001 to 14.500.....	294	52,152,540.79	14.46	8.291	100.00	621	80.63	60.14
14.501 to 15.000.....	353	64,340,774.35	17.84	8.780	100.00	611	83.52	55.32
15.001 to 15.500.....	212	38,518,547.90	10.68	9.287	100.00	599	83.90	47.55
15.501 to 16.000.....	204	34,561,048.56	9.58	9.747	100.00	590	84.99	45.26
16.001 to 16.500.....	84	13,401,906.71	3.72	10.269	100.00	575	86.00	46.99
16.501 to 17.000.....	62	9,722,776.07	2.70	10.750	100.00	571	87.78	40.43
17.001 to 17.500.....	17	2,182,555.07	0.61	11.303	100.00	579	83.11	44.45
17.501 to 18.000.....	11	1,223,967.12	0.34	11.757	100.00	552	77.42	58.63
18.001 to 18.500.....	4	313,290.55	0.09	12.184	100.00	560	82.48	35.73
Total:	<u>1,927</u>	<u>\$ 360,750,402.23</u>	<u>100.00 %</u>	<u>8.458 %</u>	<u>100.00 %</u>	<u>615</u>	<u>82.24 %</u>	<u>62.67 %</u>

The weighted average Maximum Rate for Adjustable Rate Mortgage Loans in Pool 1 is approximately 14.458%.

Minimum Rates of the Adjustable Rate Mortgage Loans - Pool 1 Mortgage Loans

Range of Minimum Rates (%)	Number of Mortgage Loans	Aggregate Scheduled Principal Balance	Percentage of Adjustable Rate Mortgage Loans by Aggregate Scheduled Principal Balance	Weighted Average Gross Coupon	Adjustable Rate Mortgage Loan Percentage	Non-Zero Weighted Average Credit Score	Weighted Average Original LTV	Full Documentation
5.501 to 6.000.....	4	\$ 1,111,677.73	0.31 %	5.902 %	100.00 %	662	71.82 %	100.00 %
6.001 to 6.500.....	22	5,524,334.84	1.53	6.393	100.00	641	77.74	95.82
6.501 to 7.000.....	81	19,328,787.37	5.36	6.822	100.00	648	78.98	81.71
7.001 to 7.500.....	196	42,116,910.27	11.67	7.294	100.00	629	79.56	79.13
7.501 to 8.000.....	383	76,251,284.90	21.14	7.783	100.00	628	81.65	75.56
8.001 to 8.500.....	294	52,152,540.79	14.46	8.291	100.00	621	80.63	60.14
8.501 to 9.000.....	353	64,340,774.35	17.84	8.780	100.00	611	83.52	55.32
9.001 to 9.500.....	212	38,518,547.90	10.68	9.287	100.00	599	83.90	47.55
9.501 to 10.000.....	204	34,561,048.56	9.58	9.747	100.00	590	84.99	45.26
10.001 to 10.500.....	84	13,401,906.71	3.72	10.269	100.00	575	86.00	46.99
10.501 to 11.000.....	62	9,722,776.07	2.70	10.750	100.00	571	87.78	40.43
11.001 to 11.500.....	17	2,182,555.07	0.61	11.303	100.00	579	83.11	44.45
11.501 to 12.000.....	11	1,223,967.12	0.34	11.757	100.00	552	77.42	58.63
12.001 to 12.500.....	4	313,290.55	0.09	12.184	100.00	560	82.48	35.73
Total:	<u>1,927</u>	<u>\$ 360,750,402.23</u>	<u>100.00 %</u>	<u>8.458 %</u>	<u>100.00 %</u>	<u>615</u>	<u>82.24 %</u>	<u>62.67 %</u>

The weighted average Minimum Rate for Adjustable Rate Mortgage Loans in Pool 1 is approximately 8.458%.

Months to Next Rate Adjustment of the Adjustable Rate Mortgage Loans - Pool 1 Mortgage Loans

Range of Months to Next Rate Adjustment	Number of Mortgage Loans	Aggregate Scheduled Principal Balance	Percentage of Adjustable Rate Mortgage Loans by Aggregate Scheduled Principal Balance	Weighted Average Gross Coupon	Adjustable Rate Mortgage Loan Percentage	Non-Zero Weighted Average Credit Score	Weighted Average Original LTV	Full Documentation
13 to 24.....	1,476	\$ 273,005,290.34	75.68 %	8.477 %	100.00 %	614	82.34 %	60.30 %
25 to 36.....	432	83,955,147.29	23.27	8.414	100.00	618	81.96	70.01
Greater than 36.....	19	3,789,964.60	1.05	8.080	100.00	624	81.52	71.27
Total:	<u>1,927</u>	<u>\$ 360,750,402.23</u>	<u>100.00 %</u>	<u>8.458 %</u>	<u>100.00 %</u>	<u>615</u>	<u>82.24 %</u>	<u>62.67 %</u>

Initial Cap of the Adjustable Rate Mortgage Loans - Pool 1 Mortgage Loans

<u>Initial Cap (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Adjustable Rate Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
3.000.....	1,927	\$ 360,750,402.23	100.00 %	8.458 %	100.00 %	615	82.24 %	62.67 %
Total:	<u>1,927</u>	<u>\$ 360,750,402.23</u>	<u>100.00 %</u>	<u>8.458 %</u>	<u>100.00 %</u>	<u>615</u>	<u>82.24 %</u>	<u>62.67 %</u>

The weighted average Initial Cap for Adjustable Rate Mortgage Loans in Pool 1 is approximately 3.000%.

Periodic Cap of the Adjustable Rate Mortgage Loans - Pool 1 Mortgage Loans

<u>Periodic Cap (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Adjustable Rate Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
1.000.....	1,927	\$ 360,750,402.23	100.00 %	8.458 %	100.00 %	615	82.24 %	62.67 %
Total:	<u>1,927</u>	<u>\$ 360,750,402.23</u>	<u>100.00 %</u>	<u>8.458 %</u>	<u>100.00 %</u>	<u>615</u>	<u>82.24 %</u>	<u>62.67 %</u>

The weighted average Periodic Cap for Adjustable Rate Mortgage Loans in Pool 1 is approximately 1.000%.

Pool 2 Mortgage Loans

Loan Type - Pool 2 Mortgage Loans

Fully Amortizing Loan Type	Number of Mortgage Loans	Aggregate Scheduled Principal Balance	Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance	Weighted Average Gross Coupon	Adjustable Rate Mortgage Loan Percentage	Non-Zero Weighted Average Credit Score	Weighted Average Original LTV	Full Documentation
2/28 ARM (LIBOR).....	353	\$ 85,897,487.51	18.56 %	8.594 %	100.00 %	630	82.34 %	44.26 %
Fixed Rate - 30 Year.....	203	40,048,731.99	8.66	8.501	0.00	620	79.60	68.69
3/27 ARM (LIBOR).....	82	23,227,397.13	5.02	8.373	100.00	635	83.90	44.99
Fixed Rate - 15 Year.....	12	1,474,382.01	0.32	8.529	0.00	645	57.37	58.38
5/25 ARM (LIBOR).....	4	1,140,610.43	0.25	6.924	100.00	669	90.43	33.21
Fixed Rate - 20 Year.....	5	428,229.14	0.09	8.894	0.00	627	69.35	91.88
Fixed Rate - 10 Year.....	2	114,722.83	0.02	11.094	0.00	575	18.50	100.00
Fixed Rate - 25 Year.....	1	91,232.49	0.02	10.255	0.00	617	75.00	0.00
Subtotal:	662	\$ 152,422,793.53	32.94 %	8.526 %	72.34 %	628	81.59 %	50.99 %

Balloon Loan Type	Number of Mortgage Loans	Aggregate Scheduled Principal Balance	Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance	Weighted Average Gross Coupon	Adjustable Rate Mortgage Loan Percentage	Non-Zero Weighted Average Credit Score	Weighted Average Original LTV	Full Documentation
2/28 ARM (LIBOR) - 30/40 Year Balloon.....	639	\$ 199,891,523.95	43.20 %	8.365 %	100.00 %	632	82.39 %	46.11 %
3/27 ARM (LIBOR) - 30/40 Year Balloon.....	137	43,555,554.19	9.41	8.131	100.00	637	82.46	57.85
Fixed Rate - 30/40 Year Balloon.....	90	23,977,828.20	5.18	8.562	0.00	618	80.74	62.82
5/25 ARM (LIBOR) - 30/40 Year Balloon.....	6	2,262,127.96	0.49	7.203	100.00	650	78.92	65.96
Fixed Rate - 15/30 Year Balloon.....	4	612,145.81	0.13	8.966	0.00	547	81.96	81.59
2/28 ARM (LIBOR) - 30/50 Year Balloon.....	1	351,931.67	0.08	8.690	100.00	630	80.00	0.00
Subtotal:	877	\$ 270,651,111.78	58.49 %	8.337 %	90.91 %	632	82.23 %	49.67 %

Interest-Only Loan Type	Number of Mortgage Loans	Aggregate Scheduled Principal Balance	Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance	Weighted Average Gross Coupon	Adjustable Rate Mortgage Loan Percentage	Non-Zero Weighted Average Credit Score	Weighted Average Original LTV	Full Documentation
2/28 ARM (LIBOR).....	71	\$ 28,848,126.79	6.23 %	7.996 %	100.00 %	640	83.27 %	70.38 %
3/27 ARM (LIBOR).....	15	6,575,996.65	1.42	7.694	100.00	645	83.17	45.69
Fixed Rate - 30 Year.....	12	3,737,789.83	0.81	6.794	0.00	670	75.85	39.01
5/25 ARM (LIBOR).....	1	485,000.00	0.10	6.650	100.00	658	89.81	100.00
Subtotal:	99	\$ 39,646,913.27	8.57 %	7.816 %	90.57 %	644	82.64 %	63.69 %
Total:	1,638	\$ 462,720,818.58	100.00 %	8.355 %	84.77 %	632	82.05 %	51.31 %

Original Interest-Only Term - Pool 2 Mortgage Loans

Original Interest-Only Term for Interest-Only Mortgage Loans (months)	Number of Mortgage Loans	Aggregate Scheduled Principal Balance	Percentage of Interest-Only Mortgage Loans by Aggregate Scheduled Principal Balance	Weighted Average Gross Coupon	Adjustable Rate Mortgage Loan Percentage	Non-Zero Weighted Average Credit Score	Weighted Average Original LTV	Full Documentation
60.....	94	\$ 38,014,360.59	95.88 %	7.855 %	93.19 %	643	82.92 %	65.15 %
84.....	1	485,000.00	1.22	6.650	100.00	658	89.81	100.00
120.....	4	1,147,552.68	2.89	7.038	0.00	662	70.24	0.00
Total:	<u>99</u>	<u>\$ 39,646,913.27</u>	<u>100.00 %</u>	<u>7.816 %</u>	<u>90.57 %</u>	<u>644</u>	<u>82.64 %</u>	<u>63.69 %</u>

Original Amortization Term - Pool 2 Mortgage Loans

Amortization Term	Number of Mortgage Loans	Aggregate Scheduled Principal Balance	Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance	Weighted Average Gross Coupon	Adjustable Rate Mortgage Loan Percentage	Non-Zero Weighted Average Credit Score	Weighted Average Original LTV	Full Documentation
40 Year Amortization.....	872	\$ 269,687,034.30	58.28 %	8.335 %	91.11 %	632	82.23 %	49.66 %
30 Year Amortization.....	646	150,926,372.87	32.62	8.524	73.06	628	81.91	50.92
Interest-Only.....	99	39,646,913.27	8.57	7.816	90.57	644	82.64	63.69
15 Year Amortization.....	12	1,474,382.01	0.32	8.529	0.00	645	57.37	58.38
20 Year Amortization.....	5	428,229.14	0.09	8.894	0.00	627	69.35	91.88
50 Year Amortization.....	1	351,931.67	0.08	8.690	100.00	630	80.00	0.00
10 Year Amortization.....	2	114,722.83	0.02	11.094	0.00	575	18.50	100.00
25 Year Amortization.....	1	91,232.49	0.02	10.255	0.00	617	75.00	0.00
Total:	<u>1,638</u>	<u>\$ 462,720,818.58</u>	<u>100.00 %</u>	<u>8.355 %</u>	<u>84.77 %</u>	<u>632</u>	<u>82.05 %</u>	<u>51.31 %</u>

Cut-Off Date Scheduled Principal Balances - Pool 2 Mortgage Loans

Range of Cut-Off Date Scheduled Principal Balances (\$)	Number of Mortgage Loans	Aggregate Scheduled Principal Balance	Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance	Weighted Average Gross Coupon	Adjustable Rate Mortgage Loan Percentage	Non-Zero Weighted Average Credit Score	Weighted Average Original LTV	Full Documentation
0.01 to 50,000.00.....	13	\$ 574,862.20	0.12 %	10.006 %	16.31 %	605	57.34 %	56.32 %
50,000.01 to 100,000.00.....	150	11,771,179.55	2.54	9.374	50.43	601	77.48	70.41
100,000.01 to 150,000.00.....	232	29,638,100.15	6.41	8.821	68.51	617	81.36	64.94
150,000.01 to 200,000.00.....	259	45,831,939.64	9.90	8.562	80.29	631	81.72	51.39
200,000.01 to 250,000.00.....	245	54,826,687.11	11.85	8.491	88.30	632	81.84	48.31
250,000.01 to 300,000.00.....	164	44,788,116.64	9.68	8.442	90.33	632	82.49	51.46
300,000.01 to 350,000.00.....	127	41,072,961.72	8.88	8.438	89.16	636	82.59	39.21
350,000.01 to 400,000.00.....	86	32,138,556.72	6.95	8.186	89.56	637	81.99	45.38
400,000.01 to 450,000.00.....	76	32,456,620.94	7.01	8.180	89.53	645	82.89	42.21
450,000.01 to 500,000.00.....	85	40,545,138.85	8.76	8.118	84.77	626	82.18	55.34
500,000.01 to 550,000.00.....	54	28,578,866.92	6.18	8.121	83.25	634	83.60	57.32
550,000.01 to 600,000.00.....	43	24,770,864.05	5.35	8.214	83.59	645	82.31	51.39
600,000.01 to 650,000.00.....	28	17,479,779.89	3.78	8.137	92.80	635	83.70	60.81
Greater than 650,000.00.....	76	58,247,144.20	12.59	8.073	87.01	628	81.42	51.31
Total:	<u>1,638</u>	<u>\$ 462,720,818.58</u>	<u>100.00 %</u>	<u>8.355 %</u>	<u>84.77 %</u>	<u>632</u>	<u>82.05 %</u>	<u>51.31 %</u>

The average Cut-off Date Scheduled Principal Balance for the Mortgage Loans in Pool 2 is approximately \$282,491.

Mortgage Rates - Pool 2 Mortgage Loans*

Range of Mortgage Rates on Adjustable Rate Mortgage Loans (%)	Number of Mortgage Loans	Aggregate Scheduled Principal Balance	Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance	Weighted Average Gross Coupon	Adjustable Rate Mortgage Loan Percentage	Non-Zero Weighted Average Credit Score	Weighted Average Original LTV	Full Documentation
5.501 to 6.000.....	3	\$ 1,193,878.91	0.26 %	5.846 %	100.00 %	620	74.40 %	100.00 %
6.001 to 6.500.....	20	7,806,497.22	1.69	6.359	100.00	675	81.19	76.34
6.501 to 7.000.....	61	24,027,688.45	5.19	6.802	100.00	652	80.08	80.15
7.001 to 7.500.....	146	49,031,071.61	10.60	7.330	100.00	644	80.43	75.17
7.501 to 8.000.....	254	83,968,405.66	18.15	7.780	100.00	642	80.90	57.75
8.001 to 8.500.....	236	70,665,387.48	15.27	8.286	100.00	640	81.06	49.80
8.501 to 9.000.....	242	68,155,374.59	14.73	8.754	100.00	631	83.54	36.48
9.001 to 9.500.....	146	36,822,981.23	7.96	9.293	100.00	619	84.41	25.02
9.501 to 10.000.....	101	26,656,295.81	5.76	9.732	100.00	605	84.91	22.86
10.001 to 10.500.....	43	11,812,542.00	2.55	10.291	100.00	593	89.35	23.70
10.501 to 11.000.....	40	8,009,753.00	1.73	10.693	100.00	591	93.81	17.63
Greater than 11.000.....	17	4,085,880.32	0.88	11.492	100.00	610	98.28	4.16
Subtotal:	1,309	\$ 392,235,756.28	84.77 %	8.338 %	100.00 %	633	82.57 %	48.82 %

Range of Mortgage Rates on Fixed Rate Mortgage Loans (%)	Number of Mortgage Loans	Aggregate Scheduled Principal Balance	Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance	Weighted Average Gross Coupon	Adjustable Rate Mortgage Loan Percentage	Non-Zero Weighted Average Credit Score	Weighted Average Original LTV	Full Documentation
Less than 5.501.....	1	\$ 455,941.44	0.10 %	5.400 %	0.00 %	785	75.00 %	0.00 %
5.501 to 6.000.....	1	797,351.25	0.17	5.800	0.00	715	48.49	100.00
6.001 to 6.500.....	4	1,463,816.78	0.32	6.383	0.00	650	79.51	75.75
6.501 to 7.000.....	15	5,157,860.85	1.11	6.817	0.00	652	72.15	44.40
7.001 to 7.500.....	26	9,837,600.85	2.13	7.248	0.00	658	80.16	81.34
7.501 to 8.000.....	40	11,303,585.26	2.44	7.782	0.00	631	76.20	57.05
8.001 to 8.500.....	41	9,019,980.06	1.95	8.323	0.00	623	77.64	76.58
8.501 to 9.000.....	68	11,980,890.56	2.59	8.800	0.00	612	79.28	69.23
9.001 to 9.500.....	41	7,029,553.19	1.52	9.272	0.00	593	84.51	73.27
9.501 to 10.000.....	37	5,702,158.90	1.23	9.805	0.00	589	83.22	59.00
10.001 to 10.500.....	26	3,970,064.82	0.86	10.219	0.00	595	85.04	58.69
10.501 to 11.000.....	14	2,055,314.69	0.44	10.746	0.00	553	81.39	34.76
Greater than 11.000.....	15	1,710,943.65	0.37	11.761	0.00	572	85.20	28.73
Subtotal:	329	\$ 70,485,062.30	15.23 %	8.445 %	0.00 %	621	79.18 %	65.12 %
Total:	1,638	\$ 462,720,818.58	100.00 %	8.355 %	84.77 %	632	82.05 %	51.31 %

The weighted average Mortgage Rate for Adjustable Rate Mortgage Loans and Fixed Rate Mortgage Loans in Pool 2 is approximately 8.338% and 8.445%, respectively.

* Reflects the Mortgage Rates for the Mortgage Loans as of the Cut-off Date.

Original Terms to Maturity - Pool 2 Mortgage Loans

<u>Range of Original Terms to Maturity (months)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
1 to 180.....	18	\$ 2,201,250.65	0.48 %	8.784 %	0.00 %	614	62.18 %	67.00 %
181 to 240.....	5	428,229.14	0.09	8.894	0.00	627	69.35	91.88
241 to 360.....	1,615	460,091,338.79	99.43	8.352	85.25	632	82.16	51.19
Total:	<u>1,638</u>	<u>\$ 462,720,818.58</u>	<u>100.00 %</u>	<u>8.355 %</u>	<u>84.77 %</u>	<u>632</u>	<u>82.05 %</u>	<u>51.31 %</u>

The weighted average original term to maturity for the Mortgage Loans in Pool 2 is approximately 359 months.

Remaining Terms to Maturity - Pool 2 Mortgage Loans

<u>Range of Remaining Terms to Maturity (months)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
1 to 180.....	18	\$ 2,201,250.65	0.48 %	8.784 %	0.00 %	614	62.18 %	67.00 %
181 to 240.....	5	428,229.14	0.09	8.894	0.00	627	69.35	91.88
241 to 360.....	1,615	460,091,338.79	99.43	8.352	85.25	632	82.16	51.19
Total:	<u>1,638</u>	<u>\$ 462,720,818.58</u>	<u>100.00 %</u>	<u>8.355 %</u>	<u>84.77 %</u>	<u>632</u>	<u>82.05 %</u>	<u>51.31 %</u>

The weighted average remaining term to maturity for the Mortgage Loans in Pool 2 is approximately 354 months.

Original Loan-to-Value Ratios - Pool 2 Mortgage Loans

<u>Range of Original Loan-to-Value Ratios (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
Less than 60.001.....	50	\$ 9,469,012.45	2.05 %	7.974 %	37.66 %	616	49.26 %	70.44 %
60.001 to 70.000.....	41	13,154,435.27	2.84	7.913	49.82	608	66.92	57.41
70.001 to 80.000.....	1,117	309,036,549.95	66.79	8.149	89.65	638	79.54	49.32
80.001 to 85.000.....	83	26,397,576.02	5.70	8.370	70.02	614	84.52	69.80
85.001 to 90.000.....	185	51,749,915.22	11.18	8.752	80.72	608	89.77	62.49
90.001 to 95.000.....	68	25,335,992.32	5.48	8.671	82.50	634	94.95	35.39
95.001 to 100.000.....	94	27,577,337.35	5.96	9.953	86.70	630	99.99	40.08
Total:	<u>1,638</u>	<u>\$ 462,720,818.58</u>	<u>100.00 %</u>	<u>8.355 %</u>	<u>84.77 %</u>	<u>632</u>	<u>82.05 %</u>	<u>51.31 %</u>

The weighted average original Loan-to-Value Ratio for the Mortgage Loans in Pool 2 is approximately 82.05%.

Original Full Combined Loan-to-Value Ratios - Pool 2 Mortgage Loans*

<u>Range of Original Full Combined Loan-to-Value Ratios (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
Less than 60.001.....	49	\$ 8,671,661.20	1.87 %	8.174 %	41.12 %	606	49.34 %	67.72 %
60.001 to 70.000.....	40	12,986,295.60	2.81	7.867	50.47	606	65.67	64.29
70.001 to 80.000.....	181	56,201,012.78	12.15	8.144	70.20	609	77.48	60.27
80.001 to 85.000.....	84	26,797,576.02	5.79	8.350	68.98	615	84.26	68.75
85.001 to 90.000.....	185	51,748,259.34	11.18	8.742	80.89	609	89.70	62.18
90.001 to 95.000.....	89	32,488,336.69	7.02	8.566	81.71	635	91.58	37.99
95.001 to 100.000.....	1,010	273,827,676.95	59.18	8.329	93.41	644	82.01	46.15
Total:	<u>1,638</u>	<u>\$ 462,720,818.58</u>	<u>100.00 %</u>	<u>8.355 %</u>	<u>84.77 %</u>	<u>632</u>	<u>82.05 %</u>	<u>51.31 %</u>

The weighted average original full combined Loan-to-Value Ratio for the Mortgage Loans in Pool 2 is approximately 92.97%.

* Reflects the original Loan-to-Value Ratio, including any subordinate liens, whether or not such subordinate liens are owned by the Trust Fund.

Lien Priority - Pool 2 Mortgage Loans

<u>Lien Priority</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
1st Lien.....	1,638	\$ 462,720,818.58	100.00 %	8.355 %	84.77 %	632	82.05 %	51.31 %
Total:	<u>1,638</u>	<u>\$ 462,720,818.58</u>	<u>100.00 %</u>	<u>8.355 %</u>	<u>84.77 %</u>	<u>632</u>	<u>82.05 %</u>	<u>51.31 %</u>

Days Delinquent - Pool 2 Mortgage Loans

<u>Days Delinquent</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
Less than 30 days.....	1,638	\$ 462,720,818.58	100.00 %	8.355 %	84.77 %	632	82.05 %	51.31 %
Total:	<u>1,638</u>	<u>\$ 462,720,818.58</u>	<u>100.00 %</u>	<u>8.355 %</u>	<u>84.77 %</u>	<u>632</u>	<u>82.05 %</u>	<u>51.31 %</u>

30-Day Delinquencies In Past 12 Months - Pool 2 Mortgage Loans

<u>30-Day Delinquencies In Past 12 Months</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
None.....	1,637	\$ 462,061,908.11	99.86 %	8.356 %	84.75 %	632	82.05 %	51.24 %
1.....	1	658,910.47	0.14	7.550	100.00	629	80.00	100.00
Total:	<u>1,638</u>	<u>\$ 462,720,818.58</u>	<u>100.00 %</u>	<u>8.355 %</u>	<u>84.77 %</u>	<u>632</u>	<u>82.05 %</u>	<u>51.31 %</u>

60-Day Delinquencies In Past 12 Months - Pool 2 Mortgage Loans

<u>60-Day Delinquencies In Past 12 Months</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
None.....	1,638	\$ 462,720,818.58	100.00 %	8.355 %	84.77 %	632	82.05 %	51.31 %
Total:	<u>1,638</u>	<u>\$ 462,720,818.58</u>	<u>100.00 %</u>	<u>8.355 %</u>	<u>84.77 %</u>	<u>632</u>	<u>82.05 %</u>	<u>51.31 %</u>

90+Day Delinquencies In Past 12 Months - Pool 2 Mortgage Loans

<u>90+Day Delinquencies In Past 12 Months</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
None.....	1,638	\$ 462,720,818.58	100.00 %	8.355 %	84.77 %	632	82.05 %	51.31 %
Total:	<u>1,638</u>	<u>\$ 462,720,818.58</u>	<u>100.00 %</u>	<u>8.355 %</u>	<u>84.77 %</u>	<u>632</u>	<u>82.05 %</u>	<u>51.31 %</u>

Geographic Distribution - Pool 2 Mortgage Loans

<u>Location</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
Florida.....	326	\$ 84,882,273.29	18.34 %	8.464 %	88.82 %	630	82.59 %	47.03 %
New York.....	146	62,318,532.27	13.47	8.081	87.17	639	81.01	39.45
California.....	104	46,503,299.97	10.05	7.998	96.08	637	82.52	51.66
Maryland.....	95	35,846,822.79	7.75	8.119	71.96	635	81.65	56.77
New Jersey.....	86	30,377,165.94	6.56	8.547	78.39	631	80.74	43.59
Massachusetts.....	67	22,970,969.48	4.96	7.796	81.97	646	78.89	50.61
Georgia.....	95	22,601,937.01	4.88	8.464	76.18	624	82.47	57.77
Arizona.....	82	20,358,744.98	4.40	8.591	95.28	633	83.18	44.13
Virginia.....	56	17,688,539.54	3.82	8.680	94.32	632	83.87	42.92
Illinois.....	53	15,027,983.59	3.25	8.517	96.69	634	85.78	53.13
Other.....	528	104,144,549.72	22.51	8.588	78.33	623	82.09	63.41
Total:	<u>1,638</u>	<u>\$ 462,720,818.58</u>	<u>100.00 %</u>	<u>8.355 %</u>	<u>84.77 %</u>	<u>632</u>	<u>82.05 %</u>	<u>51.31 %</u>

Property Type - Pool 2 Mortgage Loans

<u>Property Type</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
Single Family.....	1,127	\$ 307,412,513.55	66.44 %	8.360 %	82.33 %	627	81.87 %	52.94 %
Planned Unit Development.....	271	83,371,236.47	18.02	8.327	88.34	632	82.46	56.03
Two-to Four-Family.....	113	42,166,031.83	9.11	8.255	92.45	656	82.57	35.13
Condominium.....	127	29,771,036.73	6.43	8.520	89.05	640	82.04	44.09
Total:	<u>1,638</u>	<u>\$ 462,720,818.58</u>	<u>100.00 %</u>	<u>8.355 %</u>	<u>84.77 %</u>	<u>632</u>	<u>82.05 %</u>	<u>51.31 %</u>

Loan Purpose - Pool 2 Mortgage Loans

<u>Loan Purpose</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
Purchase.....	1,145	\$ 299,530,351.98	64.73 %	8.389 %	93.38 %	640	82.30 %	45.21 %
Cash Out Refinance.....	485	160,692,701.19	34.73	8.299	69.31	616	81.58	62.97
Rate/Term Refinance.....	8	2,497,765.41	0.54	7.736	45.62	623	82.56	32.61
Total:	<u>1,638</u>	<u>\$ 462,720,818.58</u>	<u>100.00 %</u>	<u>8.355 %</u>	<u>84.77 %</u>	<u>632</u>	<u>82.05 %</u>	<u>51.31 %</u>

Occupancy Status - Pool 2 Mortgage Loans

<u>Occupancy Status</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
Primary Home.....	1,559	\$ 443,293,914.87	95.80 %	8.344 %	84.82 %	631	82.01 %	51.43 %
Investment.....	60	11,159,195.31	2.41	8.714	77.71	649	83.26	62.01
Second Home.....	19	8,267,708.40	1.79	8.424	91.43	641	82.49	30.40
Total:	<u>1,638</u>	<u>\$ 462,720,818.58</u>	<u>100.00 %</u>	<u>8.355 %</u>	<u>84.77 %</u>	<u>632</u>	<u>82.05 %</u>	<u>51.31 %</u>

Loan Documentation - Pool 2 Mortgage Loans

<u>Loan Documentation</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
Full Documentation.....	878	\$ 237,406,822.13	51.31 %	8.031 %	80.67 %	621	81.58 %	100.00 %
Stated Income Documentation.....	612	178,816,859.62	38.64	8.882	90.28	648	82.75	0.00
Lite Documentation.....	148	46,497,136.83	10.05	7.976	84.51	625	81.78	0.00
Total:	<u>1,638</u>	<u>\$ 462,720,818.58</u>	<u>100.00 %</u>	<u>8.355 %</u>	<u>84.77 %</u>	<u>632</u>	<u>82.05 %</u>	<u>51.31 %</u>

Credit Scores - Pool 2 Mortgage Loans

<u>Range of Credit Scores</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
500 to 520.....	40	\$ 8,254,042.01	1.78 %	10.143 %	67.50 %	509	82.16 %	76.58 %
521 to 540.....	43	9,813,482.50	2.12	9.094	53.17	531	77.64	77.09
541 to 560.....	58	14,556,119.31	3.15	9.090	70.09	552	80.90	62.66
561 to 580.....	64	14,913,644.01	3.22	9.019	80.37	572	79.50	47.35
581 to 600.....	181	47,138,306.88	10.19	8.604	87.62	591	81.82	72.42
601 to 620.....	291	83,248,428.29	17.99	8.381	86.47	610	83.57	66.57
621 to 640.....	384	108,178,488.17	23.38	8.478	87.65	630	82.25	44.16
641 to 660.....	228	69,221,489.20	14.96	8.200	87.55	649	83.19	44.53
661 to 680.....	160	46,097,281.14	9.96	7.885	80.24	670	81.50	41.88
681 to 700.....	86	28,048,352.04	6.06	7.775	85.36	690	81.23	37.54
701 to 720.....	43	13,570,930.53	2.93	7.731	84.27	710	79.54	40.23
721 to 740.....	29	9,017,940.95	1.95	7.723	97.99	730	80.22	13.96
741 to 760.....	20	7,295,565.38	1.58	7.722	89.32	752	79.68	15.57
761 to 780.....	7	2,220,938.93	0.48	7.656	100.00	767	81.57	45.19
781 and above.....	4	1,145,809.24	0.25	7.427	53.68	793	81.20	42.81
Total:	<u>1,638</u>	<u>\$ 462,720,818.58</u>	<u>100.00 %</u>	<u>8.355 %</u>	<u>84.77 %</u>	<u>632</u>	<u>82.05 %</u>	<u>51.31 %</u>

The non-zero weighted average Credit Score for the Mortgage Loans in Pool 2 is approximately 632.

Debt-to-Income Ratios (with Full Documentation) - Pool 2 Mortgage Loans

<u>Range of Debt-to-Income Ratios of Mortgage Loans with Full Documentation (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
0.01 to 5.00.....	16	\$ 3,287,323.45	0.71 %	8.680 %	80.65 %	616	86.80 %	100.00 %
5.01 to 10.00.....	39	12,404,189.35	2.68	8.015	86.70	623	80.37	100.00
10.01 to 15.00.....	44	12,033,987.32	2.60	8.245	87.37	637	84.06	100.00
15.01 to 20.00.....	60	12,327,404.70	2.66	8.278	82.52	615	78.74	100.00
20.01 to 25.00.....	34	8,330,957.23	1.80	7.763	58.74	635	77.67	100.00
25.01 to 30.00.....	58	17,040,682.38	3.68	7.990	84.52	628	82.26	100.00
30.01 to 35.00.....	64	16,051,223.82	3.47	8.086	80.09	609	79.87	100.00
35.01 to 40.00.....	119	33,726,115.30	7.29	7.792	85.01	628	81.23	100.00
40.01 to 45.00.....	130	31,814,742.20	6.88	8.126	80.23	608	81.69	100.00
45.01 to 50.00.....	139	40,250,638.30	8.70	7.960	81.65	619	81.70	100.00
50.01 to 55.00.....	175	50,139,558.08	10.84	8.081	76.20	622	82.67	100.00
Subtotal:	878	\$ 237,406,822.13	51.31 %	8.031 %	80.67 %	621	81.58 %	100.00 %

Debt-to-Income Ratios (with Non-Full Documentation) - Pool 2 Mortgage Loans*

<u>Range of Debt-to-Income Ratios of Mortgage Loans with Non-Full Documentation (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
0.01 to 5.00.....	3	\$ 546,138.48	0.12 %	7.921 %	100.00 %	600	79.18 %	0.00 %
5.01 to 10.00.....	21	5,780,270.88	1.25	7.668	80.72	626	76.19	0.00
10.01 to 15.00.....	22	5,396,313.20	1.17	8.105	74.78	623	81.06	0.00
15.01 to 20.00.....	26	5,398,649.82	1.17	8.503	89.74	619	81.74	0.00
20.01 to 25.00.....	21	3,729,723.28	0.81	8.609	78.99	639	78.00	0.00
25.01 to 30.00.....	31	7,872,331.39	1.70	8.373	68.71	643	80.04	0.00
30.01 to 35.00.....	46	13,336,436.97	2.88	8.696	83.64	630	83.64	0.00
35.01 to 40.00.....	85	20,806,333.51	4.50	8.856	90.94	643	83.35	0.00
40.01 to 45.00.....	160	45,605,419.70	9.86	8.745	92.44	652	83.52	0.00
45.01 to 50.00.....	205	65,125,527.35	14.07	8.757	92.66	647	82.61	0.00
50.01 to 55.00.....	140	51,716,851.87	11.18	8.769	88.37	640	82.72	0.00
Subtotal:	760	\$ 225,313,996.45	48.69 %	8.695 %	89.09 %	643	82.55 %	0.00 %
Total:	1,638	\$ 462,720,818.58	100.00 %	8.355 %	84.77 %	632	82.05 %	51.31 %

The weighted average debt-to-income ratio for Mortgage Loans with full documentation and non-full documentation in Pool 2 (for which the debt-to-income ratio is available or can be determined) is approximately 37.34% and 42.14%, respectively.

* The debt-to-income ratios for the Mortgage Loans with non-full documentation may have been originated under programs pursuant to which there was no verification of the borrowers' income.

Prepayment Premium Term by Loan Type - Pool 2 Mortgage Loans (\$)

<u>Loan Type</u>	<u>Principal Balance of Mortgage Loans with No Premium</u>	<u>Principal Balance of Mortgage Loans with Premium Terms of 1-12 Months</u>	<u>Principal Balance of Mortgage Loans with Premium Terms of 13-24 Months</u>	<u>Principal Balance of Mortgage Loans with Premium Terms of 25-36 Months</u>	<u>Principal Balance of Mortgage Loans with Premium Terms of 37-48 Months</u>	<u>Principal Balance of Mortgage Loans with Premium Terms of 49-60 Months</u>	<u>Total</u>
2 Year Hybrid.....	\$ 73,861,765.53	\$ 66,114,855.42	\$ 173,003,484.25	\$ 2,008,964.72	\$ 0.00	\$ 0.00	\$ 314,989,069.92
3 Year Hybrid.....	28,494,716.05	22,248,292.44	2,575,018.80	20,040,920.68	0.00	0.00	73,358,947.97
Fixed Rate.....	25,119,614.18	8,492,775.69	10,324,506.13	26,548,166.30	0.00	0.00	70,485,062.30
5 Year Hybrid.....	0.00	1,332,207.93	287,062.79	2,268,467.67	0.00	0.00	3,887,738.39
Total:	<u>\$ 127,476,095.76</u>	<u>\$ 98,188,131.48</u>	<u>\$ 186,190,071.97</u>	<u>\$ 50,866,519.37</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 462,720,818.58</u>

Prepayment Premium Term by Loan Type - Pool 2 Mortgage Loans (%)

<u>Loan Type</u>	<u>Percentage of Mortgage Loans with No Premium</u>	<u>Percentage of Mortgage Loans with Premium Terms of 1-12 Months</u>	<u>Percentage of Mortgage Loans with Premium Terms of 13-24 Months</u>	<u>Percentage of Mortgage Loans with Premium Terms of 25-36 Months</u>	<u>Percentage of Mortgage Loans with Premium Terms of 37-48 Months</u>	<u>Percentage of Mortgage Loans with Premium Terms of 49-60 Months</u>	<u>Total</u>
2 Year Hybrid.....	15.96 %	14.29 %	37.39 %	0.43 %	0.00 %	0.00 %	68.07 %
3 Year Hybrid.....	6.16	4.81	0.56	4.33	0.00	0.00	15.85
Fixed Rate.....	5.43	1.84	2.23	5.74	0.00	0.00	15.23
5 Year Hybrid.....	0.00	0.29	0.06	0.49	0.00	0.00	0.84
Total:	<u>27.55 %</u>	<u>21.22 %</u>	<u>40.24 %</u>	<u>10.99 %</u>	<u>0.00 %</u>	<u>0.00 %</u>	<u>100.00 %</u>

Prepayment Premium Description - Pool 2 Mortgage Loans

Prepayment Premium Description	Number of Mortgage Loans	Aggregate Scheduled Principal Balance	Percentage of Mortgage Loans by Aggregate Scheduled Principal Balance	Weighted Average Gross Coupon	Adjustable Rate Mortgage Loan Percentage	Non-Zero Weighted Average Credit Score	Weighted Average Original LTV	Full Documentation
5% of Unpaid Principal Balance.....	862	\$ 227,841,529.15	49.24 %	8.348 %	85.42 %	630	81.73 %	50.78 %
None.....	436	127,476,095.76	27.55	8.522	80.29	631	82.28	46.15
6 Mo. Interest on Amount Prepaid in Excess of 20% of the Original Balance.....	162	66,380,740.16	14.35	7.846	89.93	638	82.06	62.30
2% of Unpaid Principal Balance.....	75	22,115,569.17	4.78	8.677	91.83	631	83.01	42.48
1% of Unpaid Principal Balance.....	37	7,521,013.24	1.63	8.687	87.82	629	82.68	58.01
Other.....	66	11,385,871.10	2.46	8.730	75.89	624	83.49	68.03
Total:	<u>1,638</u>	<u>\$ 462,720,818.58</u>	<u>100.00 %</u>	<u>8.355 %</u>	<u>84.77 %</u>	<u>632</u>	<u>82.05 %</u>	<u>51.31 %</u>

Gross Margins of the Adjustable Rate Mortgage Loans - Pool 2 Mortgage Loans

Range of Gross Margins (%)	Number of Mortgage Loans	Aggregate Scheduled Principal Balance	Percentage of Adjustable Rate Mortgage Loans by Aggregate Scheduled Principal Balance	Weighted Average Gross Coupon	Adjustable Rate Mortgage Loan Percentage	Non-Zero Weighted Average Credit Score	Weighted Average Original LTV	Full Documentation
Less than 3.001.....	3	\$ 1,193,878.91	0.30 %	5.846 %	100.00 %	620	74.40 %	100.00 %
3.001 to 3.500.....	11	4,137,114.67	1.05	6.376	100.00	682	81.25	81.58
3.501 to 4.000.....	40	17,291,495.48	4.41	6.819	100.00	651	80.79	77.19
4.001 to 4.500.....	97	32,452,020.15	8.27	7.157	100.00	647	79.89	74.45
4.501 to 5.000.....	204	67,469,627.80	17.20	7.601	100.00	641	80.91	68.61
5.001 to 5.500.....	232	73,655,251.13	18.78	8.005	100.00	645	81.05	50.57
5.501 to 6.000.....	227	68,443,712.34	17.45	8.501	100.00	632	82.64	44.21
6.001 to 6.500.....	215	56,250,833.59	14.34	8.894	100.00	627	83.18	31.45
6.501 to 7.000.....	147	39,562,379.40	10.09	9.574	100.00	610	85.31	27.84
7.001 to 7.500.....	90	22,419,261.57	5.72	10.078	100.00	603	87.51	20.36
7.501 to 8.000.....	26	6,858,309.45	1.75	10.326	100.00	606	92.60	29.94
8.001 to 8.500.....	14	2,289,892.40	0.58	10.714	100.00	627	94.45	7.54
8.501 to 9.000.....	3	211,979.39	0.05	11.372	100.00	565	86.53	63.11
Total:	<u>1,309</u>	<u>\$ 392,235,756.28</u>	<u>100.00 %</u>	<u>8.338 %</u>	<u>100.00 %</u>	<u>633</u>	<u>82.57 %</u>	<u>48.82 %</u>

The weighted average Gross Margin for Adjustable Rate Mortgage Loans in Pool 2 is approximately 5.576%.

Maximum Rates of the Adjustable Rate Mortgage Loans - Pool 2 Mortgage Loans

<u>Range of Maximum Rates (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Adjustable Rate Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
11.501 to 12.000.....	3	\$ 1,193,878.91	0.30 %	5.846 %	100.00 %	620	74.40 %	100.00 %
12.001 to 12.500.....	20	7,806,497.22	1.99	6.359	100.00	675	81.19	76.34
12.501 to 13.000.....	61	24,027,688.45	6.13	6.802	100.00	652	80.08	80.15
13.001 to 13.500.....	146	49,031,071.61	12.50	7.330	100.00	644	80.43	75.17
13.501 to 14.000.....	254	83,968,405.66	21.41	7.780	100.00	642	80.90	57.75
14.001 to 14.500.....	236	70,665,387.48	18.02	8.286	100.00	640	81.06	49.80
14.501 to 15.000.....	242	68,155,374.59	17.38	8.754	100.00	631	83.54	36.48
15.001 to 15.500.....	146	36,822,981.23	9.39	9.293	100.00	619	84.41	25.02
15.501 to 16.000.....	101	26,656,295.81	6.80	9.732	100.00	605	84.91	22.86
16.001 to 16.500.....	43	11,812,542.00	3.01	10.291	100.00	593	89.35	23.70
16.501 to 17.000.....	40	8,009,753.00	2.04	10.693	100.00	591	93.81	17.63
17.001 to 17.500.....	12	3,252,397.56	0.83	11.391	100.00	611	98.53	2.97
17.501 to 18.000.....	4	645,573.69	0.16	11.783	100.00	600	96.51	11.38
18.001 to 18.500.....	1	187,909.07	0.05	12.250	100.00	616	100.00	0.00
Total:	<u>1,309</u>	<u>\$ 392,235,756.28</u>	<u>100.00 %</u>	<u>8.338 %</u>	<u>100.00 %</u>	<u>633</u>	<u>82.57 %</u>	<u>48.82 %</u>

The weighted average Maximum Rate for Adjustable Rate Mortgage Loans in Pool 2 is approximately 14.338%.

Minimum Rates of the Adjustable Rate Mortgage Loans - Pool 2 Mortgage Loans

Range of Minimum Rates (%)	Number of Mortgage Loans	Aggregate Scheduled Principal Balance	Percentage of Adjustable Rate Mortgage Loans by Aggregate Scheduled Principal Balance	Weighted Average Gross Coupon	Adjustable Rate Mortgage Loan Percentage	Non-Zero Weighted Average Credit Score	Weighted Average Original LTV	Full Documentation
5.501 to 6.000.....	3	\$ 1,193,878.91	0.30 %	5.846 %	100.00 %	620	74.40 %	100.00 %
6.001 to 6.500.....	20	7,806,497.22	1.99	6.359	100.00	675	81.19	76.34
6.501 to 7.000.....	61	24,027,688.45	6.13	6.802	100.00	652	80.08	80.15
7.001 to 7.500.....	146	49,031,071.61	12.50	7.330	100.00	644	80.43	75.17
7.501 to 8.000.....	254	83,968,405.66	21.41	7.780	100.00	642	80.90	57.75
8.001 to 8.500.....	236	70,665,387.48	18.02	8.286	100.00	640	81.06	49.80
8.501 to 9.000.....	242	68,155,374.59	17.38	8.754	100.00	631	83.54	36.48
9.001 to 9.500.....	146	36,822,981.23	9.39	9.293	100.00	619	84.41	25.02
9.501 to 10.000.....	101	26,656,295.81	6.80	9.732	100.00	605	84.91	22.86
10.001 to 10.500.....	43	11,812,542.00	3.01	10.291	100.00	593	89.35	23.70
10.501 to 11.000.....	40	8,009,753.00	2.04	10.693	100.00	591	93.81	17.63
11.001 to 11.500.....	12	3,252,397.56	0.83	11.391	100.00	611	98.53	2.97
11.501 to 12.000.....	4	645,573.69	0.16	11.783	100.00	600	96.51	11.38
12.001 to 12.500.....	1	187,909.07	0.05	12.250	100.00	616	100.00	0.00
Total:	<u>1,309</u>	<u>\$ 392,235,756.28</u>	<u>100.00 %</u>	<u>8.338 %</u>	<u>100.00 %</u>	<u>633</u>	<u>82.57 %</u>	<u>48.82 %</u>

The weighted average Minimum Rate for Adjustable Rate Mortgage Loans in Pool 2 is approximately 8.338%.

Months to Next Rate Adjustment of the Adjustable Rate Mortgage Loans - Pool 2 Mortgage Loans

Range of Months to Next Rate Adjustment	Number of Mortgage Loans	Aggregate Scheduled Principal Balance	Percentage of Adjustable Rate Mortgage Loans by Aggregate Scheduled Principal Balance	Weighted Average Gross Coupon	Adjustable Rate Mortgage Loan Percentage	Non-Zero Weighted Average Credit Score	Weighted Average Original LTV	Full Documentation
13 to 24.....	1,064	\$ 314,989,069.92	80.31 %	8.394 %	100.00 %	632	82.46 %	47.78 %
25 to 36.....	234	73,358,947.97	18.70	8.169	100.00	638	82.98	52.69
Greater than 36.....	11	3,887,738.39	0.99	7.052	100.00	657	83.65	60.60
Total:	<u>1,309</u>	<u>\$ 392,235,756.28</u>	<u>100.00 %</u>	<u>8.338 %</u>	<u>100.00 %</u>	<u>633</u>	<u>82.57 %</u>	<u>48.82 %</u>

Initial Cap of the Adjustable Rate Mortgage Loans - Pool 2 Mortgage Loans

<u>Initial Cap (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Adjustable Rate Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
3.000.....	1,309	\$ 392,235,756.28	100.00 %	8.338 %	100.00 %	633	82.57 %	48.82 %
Total:	<u>1,309</u>	<u>\$ 392,235,756.28</u>	<u>100.00 %</u>	<u>8.338 %</u>	<u>100.00 %</u>	<u>633</u>	<u>82.57 %</u>	<u>48.82 %</u>

The weighted average Initial Cap for Adjustable Rate Mortgage Loans in Pool 2 is approximately 3.000%.

Periodic Cap of the Adjustable Rate Mortgage Loans - Pool 2 Mortgage Loans

<u>Periodic Cap (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Scheduled Principal Balance</u>	<u>Percentage of Adjustable Rate Mortgage Loans by Aggregate Scheduled Principal Balance</u>	<u>Weighted Average Gross Coupon</u>	<u>Adjustable Rate Mortgage Loan Percentage</u>	<u>Non-Zero Weighted Average Credit Score</u>	<u>Weighted Average Original LTV</u>	<u>Full Documentation</u>
1.000.....	1,309	\$ 392,235,756.28	100.00 %	8.338 %	100.00 %	633	82.57 %	48.82 %
Total:	<u>1,309</u>	<u>\$ 392,235,756.28</u>	<u>100.00 %</u>	<u>8.338 %</u>	<u>100.00 %</u>	<u>633</u>	<u>82.57 %</u>	<u>48.82 %</u>

The weighted average Periodic Cap for Adjustable Rate Mortgage Loans in Pool 2 is approximately 1.000%.

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Annex C-1
Assumed Mortgage Loan Characteristics

Assumed Mortgage Loan Characteristics of Pool 1

Mortgage Loan Type*	Principal Balance (\$)	Gross Mortgage Rate (%)	Net Mortgage Rate (%)	Remaining Term to Maturity (months)	Remaining Amortization Term (months)	Original Term to Maturity (months)	Original Amortization Term (months)	Next Rate Adjustment Date	Maximum Rate (%)	Minimum Rate (%)	Gross Margin (%)	Initial Cap (%)	Periodic Cap (%)	Rate Adjustment Frequency (months)	Original Interest-Only Term (months)
Fixed Rate	2,723,003.38	7.97130	7.47130	175	175	180	180	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0
Balloon (Fixed Rate)	111,192.53	9.46552	8.96552	175	355	180	360	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0
Fixed Rate	954,094.61	7.64572	7.14572	235	235	240	240	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0
Fixed Rate	358,347.87	8.77927	8.27927	295	295	300	300	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0
Balloon LIBOR (ARM)	169,260,101.29	8.38259	7.88259	355	475	360	480	09/01/2008	14.383	8.383	5.580	3.000	1.000	6	0
2/28 LIBOR (ARM)	88,470,463.15	8.79088	8.29088	355	355	360	360	09/01/2008	14.791	8.791	5.984	3.000	1.000	6	0
IO - 2/28 LIBOR (ARM)	15,274,725.90	7.70837	7.20837	356	356	360	360	10/01/2008	13.708	7.708	4.877	3.000	1.000	6	60
Fixed Rate	56,207,240.35	7.91636	7.41636	355	355	360	360	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0
Balloon (Fixed Rate)	27,661,459.22	8.01965	7.51965	355	475	360	480	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0
Balloon LIBOR (ARM)	53,544,318.96	8.35068	7.85068	355	475	360	480	09/01/2009	14.351	8.351	5.591	3.000	1.000	6	0
3/27 LIBOR (ARM)	26,390,686.69	8.61163	8.11163	355	355	360	360	09/01/2009	14.612	8.612	5.819	3.000	1.000	6	0
IO - 3/27 LIBOR (ARM)	4,020,141.64	7.95863	7.45863	355	355	360	360	09/01/2009	13.959	7.959	5.346	3.000	1.000	6	60
Balloon LIBOR (ARM)	2,060,681.49	7.93284	7.43284	356	476	360	480	09/01/2011	13.933	7.933	5.133	3.000	1.000	6	0
5/25 LIBOR (ARM)	1,203,883.11	8.58133	8.08133	356	356	360	360	09/01/2011	14.581	8.581	5.615	3.000	1.000	6	0
IO - 5/25 LIBOR (ARM)	525,400.00	7.50780	7.00780	357	357	360	360	11/01/2011	13.508	7.508	4.508	3.000	1.000	6	84

*References to the LIBOR index refer to the Six-Month LIBOR index unless otherwise specified.

Assumed Mortgage Loan Characteristics of Pool 2

Mortgage Loan Type*	Principal Balance (\$)	Gross Mortgage Rate (%)	Net Mortgage Rate (%)	Remaining Term to Maturity (months)	Remaining Amortization Term (months)	Original Term to Maturity (months)	Original Amortization Term (months)	Next Rate Adjustment Date	Maximum Rate (%)	Minimum Rate (%)	Gross Margin (%)	Initial Cap (%)	Periodic Cap (%)	Rate Adjustment Frequency (months)	Original Interest-Only Term (months)
Fixed Rate	114,722.83	11.09392	10.59392	113	113	120	120	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0
Fixed Rate	1,474,382.01	8.52854	8.02854	175	175	180	180	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0
Balloon (Fixed Rate)	612,145.81	8.96632	8.46632	175	355	180	360	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0
Fixed Rate	428,229.14	8.89411	8.39411	235	235	240	240	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0
Fixed Rate	91,232.49	10.25500	9.75500	296	296	300	300	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0
Balloon LIBOR (ARM)	199,891,523.95	8.36482	7.86482	355	475	360	480	09/01/2008	14.365	8.365	5.604	3.000	1.000	6	0
Balloon LIBOR (ARM)	351,931.67	8.69000	8.19000	358	598	360	600	12/01/2008	14.690	8.690	5.480	3.000	1.000	6	0
2/28 LIBOR (ARM)	85,897,487.51	8.59358	8.09358	355	355	360	360	09/01/2008	14.594	8.594	5.814	3.000	1.000	6	0
IO - 2/28 LIBOR (ARM)	28,848,126.79	7.99611	7.49611	356	356	360	360	09/01/2008	13.996	7.996	5.186	3.000	1.000	6	60
Fixed Rate	40,048,731.99	8.50093	8.00093	355	355	360	360	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0
IO - Fixed Rate	2,590,237.15	6.68625	6.18625	357	357	360	360	N/A	N/A	N/A	N/A	N/A	N/A	N/A	60
IO - Fixed Rate	1,147,552.68	7.03759	6.53759	357	357	360	360	N/A	N/A	N/A	N/A	N/A	N/A	N/A	120
Balloon (Fixed Rate)	23,977,828.20	8.56224	8.06224	355	475	360	480	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0
Balloon LIBOR (ARM)	43,555,554.19	8.13133	7.63133	355	475	360	480	09/01/2009	14.131	8.131	5.405	3.000	1.000	6	0
3/27 LIBOR (ARM)	23,227,397.13	8.37302	7.87302	355	355	360	360	09/01/2009	14.373	8.373	5.681	3.000	1.000	6	0
IO - 3/27 LIBOR (ARM)	6,575,996.65	7.69409	7.19409	355	355	360	360	09/01/2009	13.694	7.694	4.966	3.000	1.000	6	60
Balloon LIBOR (ARM)	2,262,127.96	7.20290	6.70290	356	476	360	480	09/01/2011	13.203	7.203	4.313	3.000	1.000	6	0
5/25 LIBOR (ARM)	1,140,610.43	6.92363	6.42363	356	356	360	360	10/01/2011	12.924	6.924	4.001	3.000	1.000	6	0
IO - 5/25 LIBOR (ARM)	485,000.00	6.65000	6.15000	357	357	360	360	11/01/2011	12.650	6.650	3.650	3.000	1.000	6	84

*References to the LIBOR index refer to the Six-Month LIBOR index unless otherwise specified.

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Annex C-2
Principal Amount Decrement Tables

Percentage of the Initial Class Principal Amount Outstanding For:

	Class A1 Certificates at the Following Percentages of CPR:					Class A2 Certificates at the Following Percentages of CPR:					Class A3 Certificates at the Following Percentages of CPR:				
	0%	15%	30%	45%	60%	0%	15%	30%	45%	60%	0%	15%	30%	45%	60%
Initial Percentage	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 25, 2008	99	80	61	42	22	99	67	35	3	0	100	100	100	100	0
February 25, 2009	99	63	34	10	0	98	39	0	0	0	100	100	50	0	0
February 25, 2010	98	49	15	0	0	97	16	0	0	0	100	100	0	0	0
February 25, 2011	97	37	15	0	0	96	0	0	0	0	100	80	0	0	0
February 25, 2012	97	31	12	0	0	95	0	0	0	0	100	27	0	0	0
February 25, 2013	96	26	8	0	0	94	0	0	0	0	100	0	0	0	0
February 25, 2014	95	22	6	0	0	93	0	0	0	0	100	0	0	0	0
February 25, 2015	94	18	4	0	0	91	0	0	0	0	100	0	0	0	0
February 25, 2016	93	16	3	0	0	90	0	0	0	0	100	0	0	0	0
February 25, 2017	92	13	2	0	0	88	0	0	0	0	100	0	0	0	0
February 25, 2018	91	11	1	0	0	86	0	0	0	0	100	0	0	0	0
February 25, 2019	89	9	1	0	0	84	0	0	0	0	100	0	0	0	0
February 25, 2020	88	8	*	0	0	81	0	0	0	0	100	0	0	0	0
February 25, 2021	86	6	*	0	0	78	0	0	0	0	100	0	0	0	0
February 25, 2022	84	5	0	0	0	75	0	0	0	0	100	0	0	0	0
February 25, 2023	82	4	0	0	0	72	0	0	0	0	100	0	0	0	0
February 25, 2024	80	4	0	0	0	68	0	0	0	0	100	0	0	0	0
February 25, 2025	77	3	0	0	0	64	0	0	0	0	100	0	0	0	0
February 25, 2026	74	3	0	0	0	60	0	0	0	0	100	0	0	0	0
February 25, 2027	71	2	0	0	0	55	0	0	0	0	100	0	0	0	0
February 25, 2028	68	2	0	0	0	49	0	0	0	0	100	0	0	0	0
February 25, 2029	64	1	0	0	0	43	0	0	0	0	100	0	0	0	0
February 25, 2030	60	1	0	0	0	36	0	0	0	0	100	0	0	0	0
February 25, 2031	55	1	0	0	0	29	0	0	0	0	100	0	0	0	0
February 25, 2032	50	1	0	0	0	21	0	0	0	0	100	0	0	0	0
February 25, 2033	45	*	0	0	0	11	0	0	0	0	100	0	0	0	0
February 25, 2034	38	*	0	0	0	1	0	0	0	0	100	0	0	0	0
February 25, 2035	33	0	0	0	0	0	0	0	0	0	60	0	0	0	0
February 25, 2036	29	0	0	0	0	0	0	0	0	0	25	0	0	0	0
February 25, 2037	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life in Years:															
Without Optional Termination	22.72	4.64	2.07	0.93	0.61	19.05	1.69	0.78	0.46	0.30	28.30	4.56	2.00	1.19	0.78
With Optional Termination	22.72	4.31	1.90	0.93	0.61	19.05	1.69	0.78	0.46	0.30	28.30	4.56	2.00	1.19	0.78

* Indicates a value greater than 0.0% and less than 0.5%.

Percentage of the Initial Class Principal Amount Outstanding For:

	Class A4 Certificates at the Following Percentages of CPR:					Class A5 Certificates at the Following Percentages of CPR:					Class M1 Certificates at the Following Percentages of CPR:				
	0%	15%	30%	45%	60%	0%	15%	30%	45%	60%	0%	15%	30%	45%	60%
Initial Percentage	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 25, 2008	100	100	100	100	73	100	100	100	100	100	100	100	100	100	100
February 25, 2009	100	100	100	7	0	100	100	100	100	0	100	100	100	100	79
February 25, 2010	100	100	33	0	0	100	100	100	0	0	100	100	100	94	0
February 25, 2011	100	100	33	0	0	100	100	100	0	0	100	100	17	27	0
February 25, 2012	100	100	17	0	0	100	100	100	0	0	100	70	0	0	0
February 25, 2013	100	92	0	0	0	100	100	97	0	0	100	39	0	0	0
February 25, 2014	100	71	0	0	0	100	100	68	0	0	100	14	0	0	0
February 25, 2015	100	53	0	0	0	100	100	47	0	0	100	0	0	0	0
February 25, 2016	100	38	0	0	0	100	100	33	0	0	100	0	0	0	0
February 25, 2017	100	25	0	0	0	100	100	23	0	0	100	0	0	0	0
February 25, 2018	100	14	0	0	0	100	100	16	0	0	100	0	0	0	0
February 25, 2019	100	5	0	0	0	100	100	11	0	0	100	0	0	0	0
February 25, 2020	100	0	0	0	0	100	94	6	0	0	100	0	0	0	0
February 25, 2021	100	0	0	0	0	100	79	2	0	0	100	0	0	0	0
February 25, 2022	100	0	0	0	0	100	66	0	0	0	100	0	0	0	0
February 25, 2023	100	0	0	0	0	100	55	0	0	0	100	0	0	0	0
February 25, 2024	100	0	0	0	0	100	46	0	0	0	100	0	0	0	0
February 25, 2025	100	0	0	0	0	100	38	0	0	0	100	0	0	0	0
February 25, 2026	100	0	0	0	0	100	32	0	0	0	100	0	0	0	0
February 25, 2027	100	0	0	0	0	100	26	0	0	0	100	0	0	0	0
February 25, 2028	100	0	0	0	0	100	22	0	0	0	100	0	0	0	0
February 25, 2029	100	0	0	0	0	100	18	0	0	0	100	0	0	0	0
February 25, 2030	100	0	0	0	0	100	15	0	0	0	100	0	0	0	0
February 25, 2031	100	0	0	0	0	100	12	0	0	0	100	0	0	0	0
February 25, 2032	100	0	0	0	0	100	9	0	0	0	100	0	0	0	0
February 25, 2033	100	0	0	0	0	100	6	0	0	0	100	0	0	0	0
February 25, 2034	100	0	0	0	0	100	3	0	0	0	100	0	0	0	0
February 25, 2035	100	0	0	0	0	100	*	0	0	0	89	0	0	0	0
February 25, 2036	100	0	0	0	0	100	0	0	0	0	62	0	0	0	0
February 25, 2037	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life in Years:															
Without Optional Termination	29.53	8.48	3.42	1.68	1.10	29.53	17.70	8.50	2.25	1.47	29.02	5.70	3.78	3.72	2.34
With Optional Termination	29.53	8.48	3.42	1.68	1.10	29.53	13.53	6.40	2.25	1.47	29.02	5.70	3.78	3.64	2.29

* Indicates a value greater than 0.0% and less than 0.5%.

Percentage of the Initial Class Principal Amount Outstanding For:

C-24

	Class M2 Certificates at the Following Percentages of CPR:					Class M3 Certificates at the Following Percentages of CPR:					Class M4 Certificates at the Following Percentages of CPR:				
	0%	15%	30%	45%	60%	0%	15%	30%	45%	60%	0%	15%	30%	45%	60%
Initial Percentage	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 25, 2008	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 25, 2009	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 25, 2010	100	100	100	100	80	100	100	100	100	100	100	100	100	100	13
February 25, 2011	100	100	100	100	12	100	100	100	100	100	100	100	47	18	5
February 25, 2012	100	100	45	55	0	100	100	100	100	36	100	87	33	10	0
February 25, 2013	100	100	21	15	0	100	100	100	100	0	100	73	23	5	0
February 25, 2014	100	100	4	0	0	100	100	100	69	0	100	62	16	0	0
February 25, 2015	100	91	0	0	0	100	100	78	22	0	100	52	11	0	0
February 25, 2016	100	72	0	0	0	100	100	54	0	0	100	44	8	0	0
February 25, 2017	100	55	0	0	0	100	100	38	0	0	100	37	5	0	0
February 25, 2018	100	41	0	0	0	100	100	23	0	0	100	31	0	0	0
February 25, 2019	100	29	0	0	0	100	100	5	0	0	100	26	0	0	0
February 25, 2020	100	19	0	0	0	100	100	0	0	0	100	22	0	0	0
February 25, 2021	100	10	0	0	0	100	100	0	0	0	100	18	0	0	0
February 25, 2022	100	3	0	0	0	100	100	0	0	0	100	15	0	0	0
February 25, 2023	100	0	0	0	0	100	91	0	0	0	100	13	0	0	0
February 25, 2024	100	0	0	0	0	100	76	0	0	0	100	11	0	0	0
February 25, 2025	100	0	0	0	0	100	63	0	0	0	100	9	0	0	0
February 25, 2026	100	0	0	0	0	100	52	0	0	0	100	7	0	0	0
February 25, 2027	100	0	0	0	0	100	43	0	0	0	100	6	0	0	0
February 25, 2028	100	0	0	0	0	100	35	0	0	0	100	5	0	0	0
February 25, 2029	100	0	0	0	0	100	29	0	0	0	100	*	0	0	0
February 25, 2030	100	0	0	0	0	100	17	0	0	0	100	0	0	0	0
February 25, 2031	100	0	0	0	0	100	7	0	0	0	100	0	0	0	0
February 25, 2032	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 25, 2033	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 25, 2034	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 25, 2035	100	0	0	0	0	100	0	0	0	0	95	0	0	0	0
February 25, 2036	100	0	0	0	0	100	0	0	0	0	83	0	0	0	0
February 25, 2037	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life in Years:															
Without Optional Termination	29.53	10.70	5.11	5.20	3.40	29.53	19.64	9.49	7.43	4.86	29.31	9.68	4.90	3.66	2.44
With Optional Termination	29.53	10.58	5.06	3.87	2.53	29.53	13.62	6.45	3.87	2.53	29.31	8.85	4.49	3.41	2.28

* Indicates a value greater than 0.0% and less than 0.5%.

Percentage of the Initial Class Principal Amount Outstanding For:

C-2-5

	Class M5 Certificates at the Following Percentages of CPR:					Class M6 Certificates at the Following Percentages of CPR:					Class M7 Certificates at the Following Percentages of CPR:				
	0%	15%	30%	45%	60%	0%	15%	30%	45%	60%	0%	15%	30%	45%	60%
	Initial Percentage	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 25, 2008	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 25, 2009	100	100	100	100	100	100	100	100	100	83	100	100	100	100	32
February 25, 2010	100	100	100	100	13	100	100	100	64	13	100	100	100	33	13
February 25, 2011	100	100	47	18	2	100	100	47	18	0	100	100	47	18	0
February 25, 2012	100	87	33	10	0	100	87	33	10	0	100	87	33	10	0
February 25, 2013	100	73	23	4	0	100	73	23	0	0	100	73	23	0	0
February 25, 2014	100	62	16	0	0	100	62	16	0	0	100	62	16	0	0
February 25, 2015	100	52	11	0	0	100	52	11	0	0	100	52	11	0	0
February 25, 2016	100	44	8	0	0	100	44	8	0	0	100	44	8	0	0
February 25, 2017	100	37	4	0	0	100	37	0	0	0	100	37	0	0	0
February 25, 2018	100	31	0	0	0	100	31	0	0	0	100	31	0	0	0
February 25, 2019	100	26	0	0	0	100	26	0	0	0	100	26	0	0	0
February 25, 2020	100	22	0	0	0	100	22	0	0	0	100	22	0	0	0
February 25, 2021	100	18	0	0	0	100	18	0	0	0	100	18	0	0	0
February 25, 2022	100	15	0	0	0	100	15	0	0	0	100	15	0	0	0
February 25, 2023	100	13	0	0	0	100	13	0	0	0	100	13	0	0	0
February 25, 2024	100	11	0	0	0	100	11	0	0	0	100	11	0	0	0
February 25, 2025	100	9	0	0	0	100	9	0	0	0	100	9	0	0	0
February 25, 2026	100	7	0	0	0	100	7	0	0	0	100	7	0	0	0
February 25, 2027	100	6	0	0	0	100	5	0	0	0	100	0	0	0	0
February 25, 2028	100	2	0	0	0	100	0	0	0	0	100	0	0	0	0
February 25, 2029	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 25, 2030	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 25, 2031	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 25, 2032	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 25, 2033	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 25, 2034	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 25, 2035	95	0	0	0	0	95	0	0	0	0	95	0	0	0	0
February 25, 2036	83	0	0	0	0	83	0	0	0	0	83	0	0	0	0
February 25, 2037	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life in Years:															
Without Optional Termination	29.31	9.64	4.84	3.52	2.34	29.31	9.61	4.80	3.44	2.29	29.31	9.57	4.76	3.38	2.24
With Optional Termination	29.31	8.85	4.45	3.28	2.19	29.31	8.85	4.43	3.21	2.14	29.31	8.85	4.41	3.16	2.10

Percentage of the Initial Class Principal Amount Outstanding For:

C-2-6

	Class M8 Certificates at the Following Percentages of CPR:					Class M9 Certificates at the Following Percentages of CPR:					Class B1 Certificates at the Following Percentages of CPR:				
	0%	15%	30%	45%	60%	0%	15%	30%	45%	60%	0%	15%	30%	45%	60%
	Initial Percentage	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 25, 2008	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 25, 2009	100	100	100	100	32	100	100	100	100	32	100	100	100	100	32
February 25, 2010	100	100	100	33	13	100	100	100	33	13	100	100	100	33	9
February 25, 2011	100	100	47	18	0	100	100	47	18	0	100	100	47	18	0
February 25, 2012	100	87	33	10	0	100	87	33	9	0	100	87	33	0	0
February 25, 2013	100	73	23	0	0	100	73	23	0	0	100	73	23	0	0
February 25, 2014	100	62	16	0	0	100	62	16	0	0	100	62	16	0	0
February 25, 2015	100	52	11	0	0	100	52	11	0	0	100	52	4	0	0
February 25, 2016	100	44	5	0	0	100	44	0	0	0	100	44	0	0	0
February 25, 2017	100	37	0	0	0	100	37	0	0	0	100	37	0	0	0
February 25, 2018	100	31	0	0	0	100	31	0	0	0	100	31	0	0	0
February 25, 2019	100	26	0	0	0	100	26	0	0	0	100	26	0	0	0
February 25, 2020	100	22	0	0	0	100	22	0	0	0	100	22	0	0	0
February 25, 2021	100	18	0	0	0	100	18	0	0	0	100	18	0	0	0
February 25, 2022	100	15	0	0	0	100	15	0	0	0	100	15	0	0	0
February 25, 2023	100	13	0	0	0	100	13	0	0	0	100	10	0	0	0
February 25, 2024	100	11	0	0	0	100	11	0	0	0	100	2	0	0	0
February 25, 2025	100	9	0	0	0	100	4	0	0	0	100	0	0	0	0
February 25, 2026	100	3	0	0	0	100	0	0	0	0	100	0	0	0	0
February 25, 2027	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 25, 2028	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 25, 2029	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 25, 2030	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 25, 2031	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 25, 2032	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 25, 2033	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 25, 2034	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 25, 2035	95	0	0	0	0	95	0	0	0	0	95	0	0	0	0
February 25, 2036	83	0	0	0	0	83	0	0	0	0	83	0	0	0	0
February 25, 2037	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life in Years:															
Without Optional Termination	29.31	9.52	4.72	3.32	2.20	29.31	9.44	4.67	3.25	2.16	29.31	9.29	4.58	3.15	2.08
With Optional Termination	29.31	8.85	4.40	3.13	2.07	29.31	8.85	4.39	3.08	2.04	29.31	8.85	4.37	3.03	2.00

Percentage of the Initial Class Principal Amount Outstanding For:

**Class B2 Certificates at the Following
Percentages of CPR:**

	0%	15%	30%	45%	60%
Initial Percentage	100	100	100	100	100
February 25, 2008	*	7	15	23	32
February 25, 2009	0	0	0	0	0
February 25, 2010	0	0	0	0	0
February 25, 2011	0	0	0	0	0
February 25, 2012	0	0	0	0	0
February 25, 2013	0	0	0	0	0
February 25, 2014	0	0	0	0	0
February 25, 2015	0	0	0	0	0
February 25, 2016	0	0	0	0	0
February 25, 2017	0	0	0	0	0
February 25, 2018	0	0	0	0	0
February 25, 2019	0	0	0	0	0
February 25, 2020	0	0	0	0	0
February 25, 2021	0	0	0	0	0
February 25, 2022	0	0	0	0	0
February 25, 2023	0	0	0	0	0
February 25, 2024	0	0	0	0	0
February 25, 2025	0	0	0	0	0
February 25, 2026	0	0	0	0	0
February 25, 2027	0	0	0	0	0
February 25, 2028	0	0	0	0	0
February 25, 2029	0	0	0	0	0
February 25, 2030	0	0	0	0	0
February 25, 2031	0	0	0	0	0
February 25, 2032	0	0	0	0	0
February 25, 2033	0	0	0	0	0
February 25, 2034	0	0	0	0	0
February 25, 2035	0	0	0	0	0
February 25, 2036	0	0	0	0	0
February 25, 2037	0	0	0	0	0
Weighted Average Life in Years:					
Without Optional Termination	0.46	0.48	0.52	0.58	0.71
With Optional Termination	0.46	0.48	0.52	0.58	0.71

* Indicates a value greater than 0.0% and less than 0.5%.

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Annex D-1

Swap Agreement Scheduled Notional Amounts and Rates of Payment

<u>Distribution Date occurring in:</u>	<u>Scheduled Notional Amount (\$):</u>	<u>Rate of Payment (%):</u>
March 2007	0.00	0.00
April 2007	868,177,000.00	5.46
May 2007	840,706,000.00	5.44
June 2007	813,891,000.00	5.40
July 2007	787,959,000.00	5.36
August 2007	762,644,000.00	5.32
September 2007	738,169,000.00	5.28
October 2007	714,412,000.00	5.23
November 2007	691,238,000.00	5.17
December 2007	668,854,000.00	5.11
January 2008	647,020,000.00	5.06
February 2008	625,930,000.00	5.01
March 2008	605,458,000.00	4.96
April 2008	585,360,000.00	4.93
May 2008	565,289,000.00	4.90
June 2008	546,051,000.00	4.87
July 2008	524,469,000.00	4.86
August 2008	501,409,000.00	4.84
September 2008	478,622,000.00	4.83
October 2008	456,291,000.00	4.82
November 2008	434,323,000.00	4.81
December 2008	412,812,000.00	4.81
January 2009	391,847,000.00	4.81
February 2009	371,430,000.00	4.81
March 2009	300,882,000.00	4.81
April 2009	262,964,000.00	4.82
May 2009	229,878,000.00	4.83
June 2009	204,720,000.00	4.84
July 2009	185,032,000.00	4.85
August 2009	169,445,000.00	4.86
September 2009	156,957,000.00	4.87
October 2009	146,748,000.00	4.87
November 2009	138,455,000.00	4.88
December 2009	131,619,000.00	4.89
January 2010	125,147,000.00	4.90
February 2010	119,040,000.00	4.91
March 2010	113,207,000.00	4.92
April 2010	107,646,000.00	4.93
May 2010	102,360,000.00	4.93
June 2010	97,347,000.00	4.94
July 2010	92,516,000.00	4.95
August 2010	88,049,000.00	4.96
September 2010	83,675,000.00	4.97
October 2010	79,573,000.00	4.98
November 2010	75,653,000.00	4.99
December 2010	71,916,000.00	5.00
January 2011	68,453,000.00	5.00
February 2011	65,080,000.00	5.01
March 2011	61,890,000.00	5.02
April 2011	58,791,000.00	5.04

<u>Distribution Date occurring in:</u>	<u>Scheduled Notional Amount (\$):</u>	<u>Rate of Payment (%):</u>
May 2011	55,966,000.00	5.05
June 2011	53,230,000.00	5.06
July 2011	50,588,000.00	5.07
August 2011	48,126,000.00	5.07
September 2011	45,757,000.00	5.08
October 2011	43,478,000.00	5.09
November 2011	41,381,000.00	5.09
December 2011	39,285,000.00	5.09
January 2012	37,371,000.00	5.10
February 2012	35,548,000.00	5.10
March 2012	33,770,000.00	5.10
April 2012	32,104,000.00	5.21
May 2012	30,517,000.00	5.22
June 2012	29,011,000.00	5.23
July 2012	27,578,000.00	5.23
August 2012	26,214,000.00	5.24
September 2012	24,920,000.00	5.24
October 2012	23,689,000.00	5.25
November 2012	22,518,000.00	5.26
December 2012	21,406,000.00	5.26
January 2013	20,349,000.00	5.27
February 2013	19,344,000.00	5.27
March 2013 and thereafter	0.00	0.00

Annex D-2

Interest Rate Cap Agreement Scheduled Notional Amounts and Strike Rate

<u>Distribution Date occurring in:</u>	<u>Scheduled Notional Amount (\$):</u>	<u>Strike Rate (%):</u>
March 2007	0.00	0.00
April 2007	0.00	0.00
May 2007	0.00	0.00
June 2007	0.00	0.00
July 2007	0.00	0.00
August 2007	0.00	0.00
September 2007	0.00	0.00
October 2007	0.00	0.00
November 2007	0.00	0.00
December 2007	0.00	0.00
January 2008	0.00	0.00
February 2008	0.00	0.00
March 2008	0.00	0.00
April 2008	31,000.00	6.50
May 2008	811,000.00	6.50
June 2008	1,551,000.00	6.50
July 2008	2,385,000.00	6.50
August 2008	3,231,000.00	6.50
September 2008	4,113,000.00	6.50
October 2008	5,001,000.00	6.50
November 2008	5,906,000.00	6.50
December 2008	6,814,000.00	6.50
January 2009	7,711,000.00	6.50
February 2009	8,598,000.00	6.50
March 2009	16,565,000.00	6.50
April 2009	20,021,000.00	6.50
May 2009	22,858,000.00	6.50
June 2009	24,640,000.00	6.50
July 2009	25,709,000.00	6.50
August 2009	26,256,000.00	6.50
September 2009	26,418,000.00	6.50
October 2009	26,312,000.00	6.50
November 2009	25,984,000.00	6.50
December 2009	25,497,000.00	6.50
January 2010	25,004,000.00	6.50
February 2010	24,504,000.00	6.50
March 2010	24,007,000.00	6.50
April 2010	23,512,000.00	6.50
May 2010	23,019,000.00	6.50
June 2010	22,525,000.00	6.50
July 2010	22,042,000.00	6.50
August 2010	21,543,000.00	6.50
September 2010	21,065,000.00	6.50
October 2010	20,584,000.00	6.50
November 2010	20,109,000.00	6.50
December 2010	19,640,000.00	6.50
January 2011	19,163,000.00	6.50
February 2011	18,703,000.00	6.50
March 2011	18,246,000.00	6.50
April 2011	17,803,000.00	6.50

<u>Distribution Date occurring in:</u>	<u>Scheduled Notional Amount (\$):</u>	<u>Strike Rate (%):</u>
May 2011	17,349,000.00	6.50
June 2011	16,909,000.00	6.50
July 2011	16,481,000.00	6.50
August 2011	16,052,000.00	6.50
September 2011	15,634,000.00	6.50
October 2011	15,226,000.00	6.50
November 2011	14,815,000.00	6.50
December 2011	14,425,000.00	6.50
January 2012	14,032,000.00	6.50
February 2012	13,646,000.00	6.50
March 2012 and thereafter	0.00	0.00

Exhibit I

Form of Rule 144A Investment Letter (Definitive Certificates)

Date

Structured Asset Securities Corporation
745 Seventh Avenue, 7th Floor
New York, New York 10019

Wells Fargo Bank, N.A., as Trustee
9062 Old Annapolis Road
Columbia, Maryland 21045
Attn: Corporate Trust Services –SASCO 2007-MLN1

Re: Structured Asset Securities Corporation Mortgage Loan Trust 2007-MLN1
Mortgage Pass-Through Certificates, Series 2007-MLN1

Ladies and Gentlemen:

In connection with our acquisition of the above-referenced certificates (the “Certificates”) we certify that (a) we understand that the Certificates have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), or any state securities laws and are being transferred to us in a transaction that is exempt from the registration requirements of the Securities 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) we have not, nor has anyone acting on our behalf, offered, transferred, pledged, sold or otherwise disposed of the Certificates or any interest in the Certificates, or solicited any offer to buy, transfer, pledge or otherwise dispose of the Certificates or any interest in the Certificates from 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 any state securities laws or require registration pursuant thereto, and we will not act, or authorize any person to act, in such manner with respect to the Certificates and (e) we are a “Qualified Institutional Buyer” or “QIB” as that term is defined in Rule 144A under the Securities Act (“Rule 144A”). 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 understand that such Certificates may be resold, pledged or transferred (i) in the United States or to any U.S. person (within the meaning of Regulation S) only to 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) to a non-U.S. person in an offshore transaction pursuant to Regulation S.

In addition, we certify that (i) we are not acquiring the Certificates for, or on behalf of, an employee benefit plan or other retirement arrangement subject to Section 406 of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) or Section 4975 of the Internal Revenue Code of 1986, as

amended (the “Code”) or any entity deemed to hold the plan assets of the foregoing (collectively, “Plans”), or (ii) we are acquiring the Certificates for, or on behalf of, a Plan and our acquisition and holding of the Certificates will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code which is not covered by Prohibited Transaction Class Exemption (“PTCE”) 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60, PTCE 96-23, the non-fiduciary service provider exemption under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code or some other applicable exemption. *[FOR ALL CERTIFICATES RATED AT LEAST “BBB-” OR “Baa3” UPON ACQUISITION ON OR PRIOR TO THE TERMINATION OF THE SWAP AGREEMENT AND THE INTEREST RATE CAP AGREEMENT]*

In addition, we certify that we are not acquiring the Certificates for, or on behalf of, an employee benefit plan or other retirement arrangement that is 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 any entity deemed to hold the plan assets of the foregoing (collectively, “Plans”) other than a Plan investor that is an insurance company general account and the purchase and holding of the Certificates are covered under Sections I and III of Prohibited Transaction Class Exemption 95-60. *[FOR ALL CERTIFICATES RATED LESS THAN “BBB-” OR “Baa3” UPON ACQUISITION ONLY]*

Very truly yours,

Print Name of Purchaser

By: _____
Name:
Title:

Exhibit II

Form of Institutional Accredited Investor Investment Letter (Definitive Certificates)

_____ Date

Structured Asset Securities Corporation
745 Seventh Avenue, 7th Floor
New York, New York 10019

Wells Fargo Bank, N.A., as Trustee
9062 Old Annapolis Road
Columbia, Maryland 21045
Attn: Corporate Trust Services –SASCO 2007-MLN1

Re: Structured Asset Securities Corporation Mortgage Loan Trust 2007-MLN1
Mortgage Pass-Through Certificates, Series 2007-MLN1

Ladies and Gentlemen:

In connection with our acquisition of the above-referenced certificates (the “Certificates”) we certify that: (1) we understand that the Certificates have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), or any state securities laws and are being transferred to us in a transaction that is exempt from the registration requirements of the Securities Act and any such laws; (2) we are an institutional “accredited investor” within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act that is not a QIB (as defined below) (an “Institutional Accredited Investor”) and have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of an investment in the Certificates; (3) 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; (4) 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 (7) below); (5) we are aware that any seller of the Certificates may be relying on the exemption from the registration requirements of the Securities Act provided by Section 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act and is acquiring such Certificate for its own account or for the account of one or more Institutional Accredited Investors for whom it is authorized to act; (6) 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 that would result in a violation of Section 5 of the Securities Act or any state securities law; and (7) we will not sell, transfer or otherwise dispose of any Certificates (A) in the United States or to a U.S. person (within the meaning of Regulation S) unless such person (x) is either (i) a QIB as defined in Rule 144A of the Securities Act (a “QIB”) that purchases for its own account or for the account of a Qualified Institutional Buyer to whom notice is given that the sale, pledge or transfer is hereby made in reliance on Rule 144A of the Securities Act or (ii) an Institutional Accredited Investor that purchases for its own account or for the account of an Institutional Accredited Investor to whom notice is given that the sale, pledge or transfer is hereby made in reliance on Regulation D of the Securities Act and who has executed and delivered to you a certificate to substantially the same effect as this certificate, and (y) has otherwise complied with any conditions for transfer set forth in the Trust Agreement dated as of February 1, 2007, among Structured Asset Securities Corporation, as Depositor,

Aurora Loan Services LLC, as Master Servicer, Clayton Fixed Income Services Inc., as Credit Risk Manager, and Wells Fargo Bank, N.A., as Trustee, or (B) to a non-U.S. person in an offshore transaction pursuant to Regulation S 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 Securities Act.

In addition, we certify that (i) we are not acquiring the Certificates for, or on behalf of, an employee benefit plan or other retirement arrangement subject to Section 406 of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) or Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”) or any entity deemed to hold the plan assets of the foregoing (collectively, “Plans”), or (ii) we are acquiring the Certificates for, or on behalf of, a Plan and our acquisition and holding of the Certificates will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code which is not covered by Prohibited Transaction Class Exemption (“PTCE”) 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60, PTCE 96-23, the non-fiduciary service provider exemption under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code or some other applicable exemption. *[FOR ALL CERTIFICATES RATED AT LEAST “BBB-” OR “Baa3” UPON ACQUISITION ON OR PRIOR TO THE TERMINATION OF THE SWAP AGREEMENT AND THE INTEREST RATE CAP AGREEMENT]*

In addition, we certify that we are not acquiring the Certificates for, or on behalf of, an employee benefit plan or other retirement arrangement that is 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 any entity deemed to hold the plan assets of the foregoing (collectively, “Plans”) other than a Plan investor that is an insurance company general account and the purchase and holding of the Certificates are covered under Sections I and III of Prohibited Transaction Class Exemption 95-60. *[FOR ALL CERTIFICATES RATED LESS THAN “BBB-” OR “Baa3” UPON ACQUISITION ONLY]*

Very truly yours,

Print Name of Purchaser

By: _____
Name:
Title:

Exhibit III-1

Form of Transfer Certificate for Transfer from Restricted Global Security to Regulation S Global Security

Re: Structured Asset Securities Corporation Mortgage Loan Trust 2007-MLN1
Mortgage Pass-Through Certificates, Series 2007-MLN1

Reference is hereby made to the Trust Agreement (the "Agreement") dated as of February 1, 2007, among Structured Asset Securities Corporation, as Depositor, Aurora Loan Services LLC, as Master Servicer, Clayton Fixed Income Services Inc., as Credit Risk Manager, and Wells Fargo Bank, N.A., as Trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Agreement.

This letter relates to U.S. \$_____ aggregate principal amount of Securities which are held in the form of a Restricted Global Security with DTC in the name of [name of transferor] _____ (the "Transferor") to effect the transfer of the Securities in exchange for an equivalent beneficial interest in a Regulation S Global Security.

In connection with such request, the Transferor does hereby certify that such transfer has been effected in accordance with the transfer restrictions set forth in the Agreement and the Securities and in accordance with Rule 904 of Regulation S, and that:

- a. the offer of the Securities was not made to a person in the United States;
- b. at the time the buy order was originated, the transferee was outside the United States or the Transferor and any person acting on its behalf reasonably believed that the transferee was outside the United States;
- c. no directed selling efforts have been made in contravention of the requirements of Rule 903 or 904 of Regulation S, as applicable;
- d. the transaction is not part of a plan or scheme to evade the registration requirements of the United States Securities Act of 1933, as amended; and
- e. the transferee is not a U.S. person (as defined in Regulation S).

You are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate have the meanings set forth in Regulation S.

[Name of Transferor]

By: _____
Name:
Title:

Date: _____, ____

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Exhibit III-2

Form of Transfer Certificate for Transfer from Regulation S Global Security to Restricted Global Security

Re: Structured Asset Securities Corporation Mortgage Loan Trust 2007-MLN1
Mortgage Pass-Through Certificates, Series 2007-MLN1

Reference is hereby made to the Trust Agreement (the "Agreement") dated as of February 1, 2007, among Structured Asset Securities Corporation, as Depositor, Aurora Loan Services LLC, as Master Servicer, Clayton Fixed Income Services Inc., as Credit Risk Manager, and Wells Fargo Bank, N.A., as Trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Agreement.

This letter relates to U.S. \$ _____ aggregate principal amount of Securities which are held in the form of a Regulations S Global Security in the name of [name of transferor] _____ (the "Transferor") to effect the transfer of the Securities in exchange for an equivalent beneficial interest in a Restricted Global Security.

In connection with such request, and in respect of such Securities, the Transferor does hereby certify that such Securities are being transferred in accordance with (i) the transfer restrictions set forth in the Agreement and the Securities and (ii) Rule 144A under the United States Securities Act of 1933, as amended, to a transferee that is purchasing the Securities for its own account or an account with respect to which the transferee exercises sole investment discretion, the transferee and any such account is a Qualified Institutional Buyer within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

[Name of Transferor]

By: _____
Name:
Title:

Date: _____, __

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\$900,548,000
(Approximate)

STRUCTURED ASSET SECURITIES CORPORATION

**Mortgage Pass-Through Certificates
Series 2007-MLN1**

**Lehman Brothers Holdings Inc.
Sponsor and Seller**

**Structured Asset Securities Corporation
Depositor**

**Structured Asset Securities Corporation Mortgage Loan Trust
2007-MLN1
Issuing Entity**

AURORA LOAN SERVICES

**Aurora Loan Services LLC
Master Servicer**

PRIVATE PLACEMENT MEMORANDUM
March 10, 2007

LEHMAN BROTHERS