Docket #0008 Date Filed: 12/19/2012

UNITED STATE BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

SEALINK FUNDING LIMITED, Plaintiff, v. DEUTSCHE BANK AG; DEUTSCHE BANK SECURITIES, INC.; DB STRUCTURED PRODUCTS INC.; ACE SECURITIES CORP.; and DEUTSCHE ALT-A SECURITIES INC., Defendants.	Adv. Proc. No. 12-ap-02051 Oral Argument Requested

DECLARATION OF DAVID L. WALES IN SUPPORT OF PLAINTIFF'S MOTION TO WITHDRAW THE REFERENCE

David L. Wales, an attorney admitted to practice before this Court and a partner at the law firm of Bernstein Litowitz Berger & Grossmann LLP, counsel for Sealink Funding Limited, submits this declaration in support of Plaintiff's Motion to Remand to New York State Supreme Court, and pursuant to 28 U.S.C. § 1746 declares as follows:

1. Attached as Exhibit A is a true and correct copy of the reference to the bankruptcy court in *Sealink Funding Limited v. Deutsche Bank AG, et al.*, No. 12-ap-02051 (Bankr. S.D.N.Y.), ECF No. 1.

2. Attached as Exhibit B is a true and correct copy of the docket in *Sealink Funding Limited v. Deutsche Bank AG, et al.*, No. 12-cv-08454 (S.D.N.Y.).

3. Attached as Exhibit C is a true and correct copy of Defendants' Removal Notice in *Sealink Funding Limited v. Deutsche Bank AG, et al.*, 12-cv-08454 (S.D.N.Y.).

4. Attached as Exhibit D is a true and correct copy of *Sealink Funding Ltd. v. J.P.Morgan Acceptance Corp. I*, No. 12 Civ. 6242 (LTS), slip op. (S.D.N.Y. Oct. 9, 2012).

1212020130305000000000030

5. Attached as Exhibit E is a true and correct copy of the July 16, 2012 Transcript of Oral Argument in *Bayerische Landesbank, New York Branch v. Bear Stearns & Co., Inc., et al.*, No. 12-cv-2804 (LAK) (S.D.N.Y.) and *Bayerische Landesbank, New York Branch v. Merrill Lynch & Co, et al.*, No. 12-cv-3856 (LAK) (S.D.N.Y.) and a true and correct copy of an Order granting plaintiffs' motion to remand to state court in *Bayerische Landesbank, New York Branch v. Bear Stearns & Co. Inc., et al.*, 12-cv-2804 (LAK) (S.D.N.Y. July 16, 2012), ECF No. 17 and *Bayerische Landesbank, New York Branch v. Merrill Lynch & Co., Inc., et al.*, 12-cv-3856 (LAK) (S.D.N.Y. July 16, 2012), ECF No. 15.

6. Attached as Exhibit F is a true and correct copy of a Notice of Debtors' Motion to Extend the Automatic Stay or, in the Alternative, for Injunctive Relief Enjoining Prosecution of Certain Litigation Against Debtors' Directors and Officers and Non-Debtor Corporate Affiliates in *Residential Capital LLC v. Allstate Ins. Co. (In re Residential Capital),* Case No. 12-12020-mg, Adv. Proc. No. 12-01671-mg (Bankr. S.D.N.Y. May 25, 2012).

7. Attached as Exhibit G is a true and correct copy of the Amended Complaint in *Sealink Funding Limited v. Deutsche Bank AG, et al.*, Index No. 652174/2012 (Sup. Ct. N.Y. Cnty.), with exhibits, filed on October 19, 2012.

Executed on December 19, 2012

/s/ David L. Wales
David L. Wales

EXHIBIT A

USDC SDNY
DOCUMENT
ELECTRONICALLY FILED
DOC#
DATE FILED: 2-1-2012

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

12 MISC 00032

In the Matter of:

Standing Order of Reference
Re: Title 11

AMENDED
STANDING ORDER
OF REFERENCE

M10-468

Pursuant to 28 U.S.C. Section 157(a) any or all cases under title 11 and any or all proceedings arising under title 11 or arising in or related to a case under title 11 are referred to the bankruptcy judges for this district.

If a bankruptcy judge or district judge determines that entry of a final order or judgment by a bankruptcy judge would not be consistent with Article III of the United States Constitution in a particular proceeding referred under this order and determined to be a core matter, the bankruptcy judge shall, unless otherwise ordered by the district court, hear the proceeding and submit proposed findings of fact and conclusions of law to the district court. The district court may treat any order of the bankruptcy court as proposed findings of fact and conclusions of law in the event the district court concludes that the bankruptcy judge could not have entered a final order or judgment consistent with Article III of the United States Constitution.

SO ORDERED.

Loretta A. Preska

Loretta A. Preska
Chief Judge

Dated: New York, New York
January 31, 2012

Exhibit B

CLOSED, BKREF, ECF, REFERRED

U.S. District Court
Southern District of New York (Foley Square)
CIVIL DOCKET FOR CASE #: 1:12-cv-08454-LAP

Sealink Funding Limited v. Deutsche Bank AG et al
Assigned to: Judge Loretta A. Preska
Case in other court: State Court-Supreme, 652174-12
Cause: 28:1334 Bankruptcy Appeal

Date Filed: 11/19/2012
Date Terminated: 11/19/2012
Jury Demand: Plaintiff
Nature of Suit: 370 Fraud or Truth-In-Lending
Jurisdiction: Federal Question

Plaintiff

Sealink Funding Limited

V.

Defendant

Deutsche Bank AG represented by **David J. Woll**
Simpson Thacher & Bartlett LLP (NY)
425 Lexington Avenue
New York, NY 10017
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Fax: (212) 455-2502
Email: dwoll@stblaw.com
ATTORNEY TO BE NOTICED

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Email: trice@stblaw.com
ATTORNEY TO BE NOTICED

Defendant

Deutsche Bank Securities Inc. represented by **David J. Woll**
(See above for address)
ATTORNEY TO BE NOTICED

Isaac Martin Rethy
(See above for address)
ATTORNEY TO BE NOTICED

Kimberly Ann Hamm
(See above for address)
ATTORNEY TO BE NOTICED

Thomas C. Rice
(See above for address)
ATTORNEY TO BE NOTICED

Defendant

DB Structured Products, Inc. represented by **David J. Woll**
(See above for address)
ATTORNEY TO BE NOTICED

Isaac Martin Rethy
(See above for address)
ATTORNEY TO BE NOTICED

Kimberly Ann Hamm
(See above for address)
ATTORNEY TO BE NOTICED

Thomas C. Rice
(See above for address)
ATTORNEY TO BE NOTICED

Defendant

Ace Securities Corp. represented by **David J. Woll**
(See above for address)
ATTORNEY TO BE NOTICED

Isaac Martin Rethy
(See above for address)
ATTORNEY TO BE NOTICED

Kimberly Ann Hamm
(See above for address)
ATTORNEY TO BE NOTICED

Thomas C. Rice
(See above for address)
ATTORNEY TO BE NOTICED

Defendant

Deutsche Alt-A-Securities, Inc. represented by **David J. Woll**
(See above for address)
ATTORNEY TO BE NOTICED

Isaac Martin Rethy
(See above for address)
ATTORNEY TO BE NOTICED

Kimberly Ann Hamm
(See above for address)
ATTORNEY TO BE NOTICED

Thomas C. Rice
(See above for address)
ATTORNEY TO BE NOTICED

Date Filed	#	Docket Text
11/19/2012	1	NOTICE OF REMOVAL from State Court-Supreme, County of New York. Case Number: 652174-12. (Filing Fee $ 350.00, Receipt Number 053453).Document filed by Deutsche Alt-A-Securities, Inc., Deutsche Bank Securities Inc., Deutsche Bank AG, DB Structured Products, Inc., Ace Securities Corp..(rdz) (Additional attachment(s) added on 11/29/2012: # 1 2, # 2 3) (laq). (Entered: 11/29/2012)
11/19/2012		CASE REFERRED TO Judge Paul G. Gardephe as possibly related to 12-cv-5118. (rdz) (Entered: 11/29/2012)
11/19/2012		Case Designated ECF. (rdz) (Entered: 11/29/2012)
11/19/2012		CASE REFERRED TO BANKRUPTCY COURT as related to Bankruptcy Court Case No: 12-12019 (MG). (rdz) (Entered: 11/29/2012)
11/19/2012	3	DUPLICATE ORIGINAL AMENDED STANDING ORDER REFERRING CASE to Bankruptcy Court as related to Bankruptcy Court Case No. 12-12019 (MG). Pursuant to 28 U.S.C. Section 157(a) any or all cases under title 11 and any or all proceedings arising under title 11 or arising in or related to a case under title 11 are referred to the bankruptcy judges for this district. (See 1:12-mc-00032 (M-10-468) Order Filed February 1, 2012) (Signed by Judge Loretta A. Preska on 1/31/2012) (rdz) (Entered: 11/29/2012)
11/19/2012		CASE TRANSFERRED OUT from the U.S.D.C. Southern District of New

		York to the United States Bankruptcy Court - Southern District of New York on 11/29/2012. (rdz) (Entered: 11/29/2012)
11/29/2012		*****NOTE TO ATTORNEY TO E-MAIL PDF. Note to Attorney David J. Woll for noncompliance with Section 14.3 of the S.D.N.Y. Electronic Case Filing Rules & Instructions. E-MAIL the PDF for Document 1 Notice of Removal, to: caseopenings@nysd.uscourts.gov. (rdz)** (Entered: 11/29/2012)
11/29/2012	2	CERTIFICATE OF SERVICE of Civil Cover Sheet, 7.1 Statement, Notice of Removal, Individual Practices and ECF Rules and Instructions served on Sealink Funding Limited on 11/19/2012. Service was accepted by Bernstein Litowitz Berger & Grossman LLP. Document filed by Ace Securities Corp., DB Structured Products, Inc., Deutsche Alt-A-Securities, Inc., Deutsche Bank AG, Deutsche Bank Securities Inc.. (Woll, David) (Entered: 11/29/2012)
12/10/2012		NOTICE OF CASE ASSIGNMENT - SUA SPONTE to Judge Loretta A. Preska. Judge Unassigned is no longer assigned to the case. (mt) (Entered: 12/10/2012)

PACER Service Center

Transaction Receipt

12/19/2012 11:56:10

PACER Login:	bl0040	**Client Code:**	1160-001
Description:	Docket Report	**Search Criteria:**	1:12-cv-08454-LAP
Billable Pages:	4	**Cost:**	0.40

EXHIBIT C

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SEALINK FUNDING LIMITED,

Plaintiff,

v.

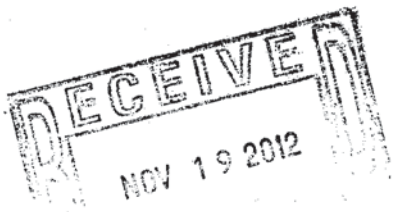
DEUTSCHE BANK AG; DEUTSCHE BANK SECURITIES INC.; DB STRUCTURED PRODUCTS, INC.; ACE SECURITIES CORP.; and DEUTSCHE ALT-A SECURITIES, INC.,

Defendants.

12 CV 8454
CASE NO.

Removed from:

Supreme Court of the State of New York, County of New York, Index No. 652174/2012



NOTICE OF REMOVAL

PLEASE TAKE NOTICE that, pursuant to 28 U.S.C. §§ 1334 and 1452, Defendants Deutsche Bank AG, Deutsche Bank Securities Inc., DB Structured Products, Inc., ACE Securities Corp., and Deutsche Alt-A Securities, Inc. ("Defendants") hereby remove the above-captioned action (the "Action") from the Supreme Court of the State of New York, County of New York, to the United States District Court for the Southern District of New York.[1] This Court has original jurisdiction over this Action pursuant to 28 U.S.C. § 1334(b) because it is related to six ongoing proceedings that have been commenced under chapter 11 of the Bankruptcy Code. Removal of the Action is therefore proper under 28 U.S.C. § 1452(a).

I. Procedural Background

1. On June 22, 2012, Sealink Funding Limited ("Plaintiff") commenced the Action by filing a complaint in the Supreme Court of the State of New York, County of New York (the

[1] Defendants' removal of the Action does not expressly or implicitly waive any right, defense, affirmative defense, or objection that the Defendants may have with respect to the Action. *See, e.g.*, *Holzsager v. Valley Hosp.* 646 F.2d 796 (2d Cir. 1981).

"State Court"). The Action was assigned docket number 652174/2012 in the State Court. Plaintiff filed an Amended Complaint on October 19, 2012.

2. On October 19, 2012, Defendants accepted service of the Amended Complaint. Copies of the summonses served on Defendants are included in Exhibit 1.

3. On November 1, 2012, the parties entered into and filed with the State Court a stipulation extending Defendants' time to respond to the Amended Complaint to December 14, 2012 and setting a conditional briefing schedule.

4. Plaintiff asserts claims arising out of its purported predecessors' alleged purchase of residential mortgage-backed securities ("RMBS") offerings (the "Offerings") allegedly structured, underwritten, and/or sold by Defendants. Plaintiff alleges that the offering materials for the Offerings contained material misrepresentations concerning the securitization process and the characteristics of the mortgage loans underlying the Offerings, and brings claims sounding in common law fraud, fraudulent inducement, and aiding and abetting fraud against Defendants. Defendants deny that they have any liability to Plaintiff.

II. Related to Bankruptcy Jurisdiction Exists over the Action

5. The United States District Courts "have original but not exclusive jurisdiction of all civil proceedings arising under title 11, or arising in or related to cases under title 11." 28 U.S.C. § 1334(b).

6. An action is "related to" a bankruptcy proceeding if "its outcome might have any 'conceivable effect' on the bankrupt estate." *Hunnicutt Co. v. TJX Cos.* (*In re Ames Dep't Stores, Inc.*), 190 B.R. 157, 160 (S.D.N.Y. 1995) (quoting *Publicker Indus. Inc. v. United States* (*In re Cuyahoga Equip. Corp.*), 980 F.2d 110, 114 (2d Cir. 1992)).

7. This Action is a civil proceeding related to the bankruptcy proceedings discussed below. Therefore, original federal jurisdiction over this Action exists under 28 U.S.C. § 1334(b), and it may properly be removed pursuant to 28 U.S.C. § 1452(a).

A. The ResCap Bankruptcy Proceedings

8. On May 14, 2012, Residential Capital, LLC ("ResCap") and 50 of its subsidiaries (collectively, the "ResCap Debtors") filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the "ResCap Bankruptcies"). The ResCap Bankruptcies are pending before United States Bankruptcy Judge Martin Glenn and are jointly administered as *In re Residential Capital, LLC, et al.*, Case No. 12-12020 (MG) (Bankr. S.D.N.Y.).

9. ResCap Debtor Residential Funding Company, LLC ("RFC") sponsored Residential Accredit Loans, Inc. Mortgage Loan Trust Mortgage Asset-Backed Pass-Through Certificates, Series 2007-QO2 ("RALI 2007-QO2") and Residential Asset Mortgage Products, Inc. Mortgage Loan Trust Mortgage Asset-Backed Pass-Through Certificates, Series 2007-RS1 ("RAMP 2007-RS1"), two Offerings at issue in this Action. RFC also originated certain of the mortgage loans underlying Deutsche Alt-A Securities Mortgage Loan Trust Mortgage Pass-Through Certificates, Series 2007-OA1 ("DBALT 2007-OA1"), another Offering at issue in this Action. RFC's bankruptcy proceeding is captioned *In re Residential Funding Company, LLC*, Case No. 12-12019 (MG) (Bankr. S.D.N.Y.).

10. ResCap Debtor Residential Accredit Loans, Inc. ("RALI") served as the depositor for RALI 2007-QO2. RALI's bankruptcy proceeding is captioned *In re Residential Accredit Loans, Inc.*, Case No. 12-12052 (MG) (Bankr. S.D.N.Y.).

11. ResCap Debtor Residential Asset Mortgage Products, Inc. ("RAMP") served as the depositor for RAMP 2007-RS1. RAMP's bankruptcy proceeding is captioned *In re Residential Asset Mortgage Products, Inc.*, Case No. 12-12053 (MG) (Bankr. S.D.N.Y.).

12. ResCap Debtor Homecomings Financial, LLC ("HFL") originated certain of the mortgage loans underlying RALI 2007-QO2 and RAMP 2007-RS1. HFL's bankruptcy proceeding is captioned *In re Homecomings Financial, LLC*, Case No. 12-12042 (MG) (Bankr. S.D.N.Y.).

13. ResCap Debtor GMAC Mortgage, LLC ("GMAC") originated certain of the mortgage loans underlying RAMP 2007-RS1. GMAC's bankruptcy proceeding is captioned *In re GMAC Mortgage, LLC*, Case No. 12-12032 (MG) (Bankr. S.D.N.Y.).

14. Defendants entered into various agreements with the ResCap Debtors in connection with the issuance and underwriting of the Offerings, including underwriting agreements and mortgage loan purchase agreements. Pursuant to these agreements and pursuant to statutory and common law, the ResCap Debtors owe Defendants indemnification and contribution obligations for any claims arising out of the purchase or sale of the Offerings, including the claims asserted by Plaintiff in this Action.

15. On October 25, 2012, Defendants filed Proofs of Claim in the ResCap Bankruptcies asserting and reserving their rights to indemnification and contribution from the ResCap Debtors with respect to any damages, costs, or expenses incurred by Defendants in this Action, and specifically scheduling this Action as a proceeding potentially implicating the indemnification and contribution obligations of the ResCap Debtors.

16. This Action relates to the ResCap Bankruptcies because of Defendants' rights to indemnification and contribution from the ResCap Debtors in connection with the claims

asserted by Plaintiff concerning RALI 2007-QO2, RAMP 2007-RS1, and DBALT 2007-OA1. Consequently, the outcome of this action will have a direct effect on the ResCap Debtors' bankruptcy estates.

B. The American Home Mortgage Bankruptcy Proceedings

17. On August 6, 2007, American Home Mortgage Corporation ("AHM") filed a voluntary petition for reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware, *In re American Home Mortgage Corporation*, Case No. 07-11051 (Bankr. D. Del.) (the "AHM Bankruptcy"). The AHM Bankruptcy is currently pending before United States Bankruptcy Judge Christopher Sontchi. Although a Chapter 11 plan has been confirmed in the AHM Bankruptcy, the Bankruptcy Court retains jurisdiction over the proceedings.

18. AHM originated certain of the mortgage loans underlying five of the Offerings at issue in this Action: ACE Securities Corp. Home Equity Loan Trust Asset-Backed Pass-Through Certificates, Series 2007-ASAP1 ("ACE 2007-ASAP1"), ACE Securities Corp. Home Equity Loan Trust Asset-Backed Pass-Through Certificates, Series 2007-ASAP2 ("ACE 2007-ASAP2"), Deutsche Alt-A Securities Mortgage Loan Trust Mortgage Pass-Through Certificates, Series 2007-AR1 ("DBALT 2007-AR1"), Deutsche Alt-A Securities Mortgage Loan Trust Mortgage Pass-Through Certificates, Series 2007-AR2 ("DBALT 2007-AR2"), and Deutsche Alt-A Securities Mortgage Loan Trust Mortgage Pass-Through Certificates, Series 2007-BAR1 ("DBALT 2007-BAR1").

19. Pursuant to agreements entered into between AHM and certain Defendants containing indemnification provisions for the benefit of Defendants and pursuant to statutory and common law, AHM owes certain Defendants indemnification and contribution for any claims arising out of actual or alleged misrepresentations concerning mortgage loans originated by

AHM and subsequently included in the Offerings, including the claims asserted by Plaintiff in this Action.

20. Certain Defendants have asserted and reserved their rights to indemnification from AHM in a Proof of Claim filed in the AHM Bankruptcy on January 11, 2008 and subsequently amended on August 15, 2008 and February 2, 2010.

21. This Action relates to the AHM Bankruptcy because of Defendants' rights to indemnification and contribution from AHM in connection with the claims asserted by Plaintiff concerning ACE 2007-ASAP1, ACE 2007-ASAP2, DBALT 2007-AR1, DBALT 2007-AR2, and DBALT 2007-BAR1. Consequently, the outcome of this action will have a direct effect on AHM's bankruptcy estate.

* * *

22. Accordingly, this Court has original jurisdiction over this Action pursuant to 28 U.S.C. § 1334(b), and this Action may be removed to this Court by Defendants pursuant to 28 U.S.C. § 1452(a).

III. Other Procedural Requirements For Removal

23. Venue is proper in this Court for removal purposes pursuant to 28 U.S.C. § 1446(a), as this Court is "the district court of the United States for the district and division" where the action is pending. 28 U.S.C. § 1441(a); *see also* 28 U.S.C. § 112(b).

24. In accordance with 28 U.S.C. § 1446(a), attached as Exhibit 1 are copies of all process, pleadings, and orders served upon Defendants or otherwise filed in the state court action.

25. Removal is timely under 28 U.S.C. § 1446(b) because this Notice is filed within 30 days after Defendants were served with the Amended Complaint.[2] *See Murphy Bros., Inc. v. Michetti Pipe Stringing, Inc.*, 526 U.S. 344 (1999).

26. Defendants will promptly serve a copy of this Notice of Removal on Plaintiff and file with the Clerk of the Supreme Court of the State of New York, New York County, a Notice of Filing of Notice of Removal pursuant to 28 U.S.C. § 1446(d).

27. Other than the stipulation referenced in Paragraph 3 above, no defendant has pled answered, or otherwise appeared in state court in connection with the Action.

28. All Defendants join and consent to the removal of this action to this Court.

29. This is not a core proceeding under 28 U.S.C. § 157(b) or Fed. R. Bankr. P. 9027. Defendants do not consent to entry of final orders of judgment by any bankruptcy judge.

30. Defendants reserve the right to file a supplemental statement in support of their right to have federal jurisdiction maintained over the Action.

31. This Notice of Removal is signed pursuant to Federal Rule of Civil Procedure 11.

(*Continued on next page*)

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[2] Under Fed. R. Civ. P. 6(a)(1)(C), if the last day of a time period measured in days "is a Saturday, Sunday, or legal holiday, the period continues to run until the end of the next day that is not a Saturday, Sunday, or legal holiday."

WHEREFORE, for the reasons set forth above, this action should proceed in the United States District Court for the Southern District of New York, as an action properly removed thereto.

Respectfully submitted,

DATED: November 19, 2012
New York, New York

SIMPSON THACHER & BARTLETT LLP

By: _____

Thomas C. Rice (trice@stblaw.com)
David J. Woll (dwoll@stblaw.com)
Kimberly Hamm (khamm@stblaw.com)
Isaac Rethy (irethy@stblaw.com)

425 Lexington Avenue
New York, New York, 10017
Tel.: (212) 455-2000
Fax: (212) 455-2502

Attorneys for Defendants Deutsche Bank AG, Deutsche Bank Securities Inc., DB Structured Products, Inc., ACE Securities Corp., and Deutsche Alt-A Securities, Inc.

EXHIBIT D

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SEALINK FUNDING LIMITED,

Plaintiff,

-against-

J.P. MORGAN ACCEPTANCE CORP. I et al.,

Defendants.

No. 12 Civ. ~~6424~~ 6342 (LTS)(HBP)

ORDER

Plaintiff Sealink Funding Limited ("Plaintiff") originally filed this action in New York state court, asserting claims under §§ 11 and 15 of the Securities Act of 1933, 15 U.S.C. §§ 77k, 771(a) and 77o. Defendants' notice of removal listed as the sole basis for federal subject matter jurisdiction 28 U.S.C. § 1334(b), which confers jurisdiction over matters "related to" bankruptcy proceedings. Plaintiff now moves for an order remanding this action to New York state Supreme Court.

Plaintiff filed a related action (No. 12 Civ. 1397) asserting New York state law fraud claims, which was subsequently removed, in part, on the basis of "related to" jurisdiction. The Court issued a Memorandum Opinion and Order in the related action on October 9, 2012 (the "Related Case Order"), finding that there was no "related to" jurisdiction and granting Plaintiff's motion to remand. The Court's determinations regarding "related to" jurisdiction and the propriety of remand, as set forth in the Related Case Order, are applicable to the instant action. Accordingly, and for substantially the reasons set forth in the Related Case Order, Plaintiff's motion to remand is granted. The Clerk of Court is directed to effectuate the remand

and close this case. This Memorandum Opinion resolves docket entry no. 9.

SO ORDERED.

Dated: New York, New York
October 9, 2012

LAURA TAYLOR SWAIN
United States District Judge

EXHIBIT E

C7G5bayA argument

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
----------x

BAYERISCHE LANDESBANK, NEW YORK BRANCH,

Plaintiff,

v. 12 Civ. 2804 (LAK)

BEAR STEARNS & CO., Inc., et al.,

Defendants.

----------x

BAYERISCHE LANDESBANK, NEW YORK BRANCH,

Plaintiff,

v. 12 Civ. 3856 (LAK)

MERRILL LYNCH & CO, et al.,

Defendants.

----------x

July 16, 2012
3:35 p.m.

Before:

HON. LEWIS A. KAPLAN,

District Judge

APPEARANCES

BERNSTEIN, LITOWITZ, BERGER & GROSSMAN, LLP
Attorneys for Plaintiff
BY: TIMOTHY A. DeLANGE
JEROEN VAN KWAWEGEN

CRAVATH, SWAINE & MOORE, LLP
Attorneys for Defendant Bear Stearns
BY: DANIEL SLIFKIN
YELENA KONANOVA

CLEARY, GOTTLIEB, STEEN & HAMILTON, LLP
Attorneys for Defendant Merrill Lynch & Co.
BY: MEREDITH E. KOTLER
JARED GERBER

(Case called)

THE DEPUTY CLERK: Plaintiff's counsel for Landesbank, are you ready?

MR. DeLANGE: We are prepared, yes.

THE DEPUTY CLERK: And you are?

MR. DeLANGE: Timothy DeLange, Bernstein, Litowitz, Berger & Grossman on behalf of plaintiff, Bayerische Landesbank.

MR. KWAWEGEN: Good afternoon. Jeroen Kwawegen also on behalf of plaintiff.

THE DEPUTY CLERK: Thank you.

Counsel, for Bear Stearns, are you ready?

MR. SLIFKIN: Yes, your Honor. Daniel Slifkin, Cravath, Swaine & Moore. With me is my colleague, Yelena Konanova, with Cravath.

THE COURT: The name?

MR. SLIFKIN: Yelena K-O-N-A-N-O-V-A.

MS. KOTLER: Good afternoon, your Honor. Meredith Kotler from Cleary, Gottlieb, Steen & Hamilton and with me is Jared Gerber.

THE COURT: Good afternoon.

Let me give you an indication of what I think. I have read these papers. It may be somebody will want to respond rather than starting the other way around.

My inclination is that the Edge Act does not apply,

that there is no diversity removal jurisdiction in the other case, the Merrill Lynch case, that there conceivably probably it is related to bankruptcy jurisdiction and that I should abstain in both cases and remand.

With that, who wants to address it?

MS. KOTLER: Your Honor, I'm happy to start on the diversity issue which is only in the Merrill Lynch case. Thank you.

The plaintiff here admits that there is diversity jurisdiction, that this case could have been brought in federal court because they are a foreign defendant, we are New York -- excuse me, they are foreign.

THE COURT: We know that.

MS. KOTLER: And we are New York defendants. Their argument, instead, is that the forum defendant rule in 28, U.S.C., 1441(b) bars removal. If I may, your Honor, I think it is helpful for you to have the language of the proper statute in front of you. If you don't, I have a copy and I'm happy to hand it up.

THE COURT: I have it.

MS. KOTLER: And I just want to confirm, your Honor, that you have the version from 2012, not the version that went in, or was in effect prior to January 7, 2012.

THE COURT: Most of my books don't get supplemented because the government won't pay for it anymore but this one I

have.

MS. KOTLER: Okay. So, the rule now provides a civil action otherwise removable solely on the basis of jurisdiction under Section 1332(a) of this title may not be removed if any of the parties in interest properly joined and served as defendant is a citizen of the state in which such action is brought.

Is that the version your Honor has before you?

THE COURT: I am quite confident that it is.

MS. KOTLER: That language was put in place in January but the predecessor version also had the same properly joined and served requirement, although it also had an affirmative phrasing as well as the words "none of the parties properly joined and served."

A large number of Courts, your Honor, had interpreted the forum defendant rule. The overwhelming majority, we cited more than two dozen for your Honor although of course we were not looking to be exhaustive, but the overwhelming majority said this language is plain and clear and what Congress said was that you can remove unless the forum defendant has been "properly joined and served."

THE COURT: I thought a lot of things were clear on the record of Wickard v. Filburn until a couple of weeks ago too.

MS. KOTLER: Indeed, it included Courts in the Second

Circuit and the Second Circuit and a number of them, in the very same situation we have here where removal was effected even though no defendant had been served. In fact, your Honor --

THE COURT: And almost all by an out-of-state defendant.

MS. KOTLER: Your Honor, we cited you 18 cases where removal was effected, seven of them was where the removal was effected by a forum defendant and 11 by where the nonforum defendant removed. The seven where the forum defendant removed include the Terry case, Bivens, Ripley --

THE COURT: Ms. Kotler, look. I can read string cites as well as the next guy.

MS. KOTLER: We hadn't broken it out this way, your Honor, in our briefing so you I thought you might want this, but seven of the cases, in any event, including Fosamax here in the Southern District, include forum removal by defendant before any forum defendant was removed.

Now, a small handful of Courts had said no forum defendant can ever removed whether or not they've been served, that included the Fields, Sullivan and Vivas cases, what the plaintiff cited. What they said was we're reading this contrary to the plain language but we think Congress' intent was that no forum defendant should ever be able to remove so we're going to go contrary to the plain language to effect an

intent that we think Congress had.

Respectfully, that's not actually the argument plaintiff is making here. They're making a different one but to the extent they're making that argument we would say that the majority of Courts, the overwhelming majority of Courts got it right. We need to follow the plain language and in fact when Congress amended the removal statute in 2012 it amended it in a number of ways to speak to differences in authority on a number of issues, how to calculate the amount in controversy, when the removal deadline started, when you had a multi-defendant case, what you do when you've got unrelated state law and federal law claims but it didn't change the "properly joined and served requirement." If Congress thought that its intent wasn't being followed it would have amended this part 2 and it would have cut off the words "and served" but it didn't. It meant what it says.

Two cases, your Honor, the Hawkins case in Georgia and the Halstrom case in Illinois did something even more bizarre and that is what the plaintiff is arguing here. Those Courts admit that the presence of an unserved forum defendant doesn't prevent removal. They say you can have an unserved forum defendant and that alone doesn't prevent removal, and they admit that a forum defendant can remove at times. What they say is that a forum defendant can only remove if, (A), there is also a non-forum defendant; and (B), at least one of those

non-forum defendants has been served.

The problem with this is six fold. Number one, there is absolutely nothing in the forum defendant rule -- and your Honor has the language before you -- that says that there has to be a non-forum defendant or that it must have been served before removal. In fact, 1446(b) expressly envisions that a defendant can remove before service.

THE COURT: Ms. Kotler, I understand the logic chopping here but the whole argument doesn't make the slightest bit of sense to me -- and that is not a personal comment, of course.

The whole point of allowing removal in diversity cases was to protect out-of-staters against presumed in-state prejudice and here you've got Merrill Lynch, a New York defendant, removing. Clearly if it had been served it couldn't possibly. And I just don't see how anybody in his right mind could have intended otherwise here. We get some really weird stuff in terms of legislative drafting out of all legislatures, that's not -- it is inherent in the legislative process. Nobody can foresee every crazy twist and turn. I just don't see it.

MS. KOTLER: Well, I certainly understand that, your Honor. If I could just respond in three ways? One, a number of courts recognize that but they also said the statute is plain and clear, it is not for us to determine what Congress

said, and in fact Congress just amended the statute in January. If it were concerned about its intent, if it were concerned about the situation, it would have changed it and it would have been a very easy fix to take out the words "and served."

I will also add, you will see this in a couple of cases, discussion, if there is something unusual going on here maybe -- maybe -- you might be overridden by that concern but this wasn't a race to remove, your Honor. This wasn't a situation where we were checking the dockets and the day it showed up we ran to the court house. This wasn't a situation where plaintiff called us and said will you accept service and we said hold the line and filed removal notice.

THE COURT: Would it matter? Do you think that diversity removal jurisdiction contest would involve trials about whether or not the removing party -- if an in-forum defendant was checking the docket or not? Is that any way that we should conceivably go?

MS. KOTLER: No, your Honor. But I don't think that this interest that your Honor has identified is that prominent for Congress. I don't think it was that worried. I think it equally could have been concerned that it wasn't the forum defendants served expeditiously because the reading that the plaintiff is putting on this, right, that you have got to have a non-forum defendant and that a non-forum defendant had to have been served first, you would have game playing there too.

You could have a plaintiff leaving off a necessary non-forum defendant or you could have a plaintiff being very slow to serve the non-forum defendant and serving the forum defendant immediately.

So, I think that there is a lot of possible ways to read Congress' intent but the Supreme Court and the Second Circuit, we all know that it is axiomatic when the language is plain and clear you have to apply it and in fact the language, the analysis, the statutory analysis and reading that the plaintiff is citing, it is from the Hawkins case, it is based on the prior version of the statute. The statute used to be phrased differently and if you want, your Honor, I have a copy of it, I would be happy to hand it up to your Honor.

THE COURT: No.

MS. KOTLER: No. Okay.

The statute used to be phrased as an affirmative and it had the words "none of." It read: Any other such action shall be removable only if none of the parties in interest properly joined and served is a citizen of the state in which such action is brought. And what the Hawkins Court did, no other Court did this but what it said was because it is phrased as an affirmative there, the statute actually says you can remove a diversity case and then it says none of the parties properly served. That "none of" makes no sense unless at least one party has been served. And, of course, it would have to be

a non-forum defendant because if that one party who had been served had been a forum defendant you wouldn't have removal.

Those were his two ground rules; that there were an affirmative authorization of the statute and that it read none of the parties in interest. That's actually the statute, your Honor, that they cited you in the moving papers and we pointed out in our opposition that's not the way the statute is written anymore. Now, the statute is a very simple negative. It is a very simple exception. A civil action, otherwise removable solely on the basis of diversity jurisdiction under Section 1332(a) of this title, may be not removed if any of the parties in interest are properly served and adjoined. Congress took away the two anchors of the Hawkins Court reading so if Congress actually had any intent or was watching this at all, it said we don't like what the Hawkins Court did and it changed the wording of the forum removal.

THE COURT: There is no committee report. There is nothing that suggests anything of the sort, right?

MS. KOTLER: One way or the other, your Honor, that either it was worried about forum defendants removing or that it disliked the Hawkins reading. That is correct, your Honor.

THE COURT: So, possibly we are left with recourse to common sense.

MS. KOTLER: Yes; except what Congress did do, it made a number of large amendments because of large splits.

THE COURT: Okay. I think we better try to bring it to conclusion.

MS. KOTLER: Jurisdiction.

THE COURT: Yes.

MS. KOTLER: And I know that Mr. Slifkin will have a number of arguments as well for his clients here.

The main argument that the plaintiff has here is there is no bankruptcy-related jurisdiction because we didn't file proofs of claim in these bankruptcies. The rule is very clear, you are related to a bankruptcy if there is --

THE COURT: And I told you that I'm inclined to agree with you on this.

MS. KOTLER: Including for the carve out, your Honor? Because they have an argument about carved-out for indemnification that they raised for the first time in their reply which we believe completely misreads the document. And I'm happy to walk you through why there was no carve-out from the indemnification.

THE COURT: I don't hear arguments first made in replies.

MS. KOTLER: Okay. So, assuming that there is bankruptcy-related jurisdiction, we do believe that your Honor should keep these cases, putting aside the bankruptcy removal. This is not a case where there is mandatory abstention, that's not on the table here, they're only claiming discretionary.

As your Honor noted in the Lehman case, the main question for discretionary remand is is there a particularly unusual question of state law. We don't believe there is any unusual question of state law let alone a particularly unusual question of state law. These are all claims that are essentially securities fraud claims. They are identical to claims under the 33 Act or the 34 Act. Indeed, those claims could have been brought in this case. As your Honor knows, there are many mortgage-backed securities cases in this court house most of which include a 33 or 34 Act claim. Of course, if they had been asserted in this case the plaintiff either would have had to file in federal court under the Exchange Act or there would have been yet a further nexus to federal court.

So, there is no unusual let alone particularly unusual question of state law. There are also a number of efficiencies here in addition to the two MBS cases that Bayerische has brought. Your Honor has a number of others, you have the Stichting v. Merrill Lynch case which is fully submitted for your Honor on motion to dismiss; you have the IKB v. Merrill Lynch case which was removed on diversity grounds before any defendant was served and there was no challenge to that removal and the time period for challenge has passed. You have the Dexia v. Merrill Lynch case which is also before your Honor although I believe there is a remand motion or there will be a remand motion pending in that one.

And so, given the efficiencies, the fact that there is no particularly unusual question of law, this is exactly one of those cases where this Court should exercise its virtually unflagging obligation to exercise the jurisdiction that it has including jurisdiction under the diversity statute which is not contested.

THE COURT: The unflagging jurisdiction language comes out of the Colorado River case, right?

MS. KOTLER: Originally, although it has been picked up in a number of these other cases.

THE COURT: I understand. There was no statute there that gave the District Court discretion to remand diversity cases generally, right?

MS. KOTLER: In that case. In that original case, yes.

THE COURT: And there is here?

MS. KOTLER: Yes, there is.

THE COURT: So, the unflagging jurisdiction -- the unflagging obligation argument is just not of the same potency in this case as it would be in the garden variety diversity case, true?

MS. KOTLER: I think we read in that case and several judges have read into that case the notion that when it does have jurisdiction over a matter it should exercise it. And, again, what is unusual about this case is your Honor would have

had diversity jurisdiction and they admit that, your Honor would have had if had they filed here in the first instance. So, your Honor does have diversity jurisdiction as well as bankruptcy-related jurisdiction.

THE COURT: Okay.

MS. KOTLER: Thank you.

THE COURT: Thank you.

MR. SLIFKIN: You left me the Edge Act and nothing else, but if I may I will say a few words about the abstention doctrine because, as your Honor is aware, although it is within the Court's discretion, the statute is plain in focusing in on the interests of comity or respect for state law. And while we acknowledge the fact that obviously these are just state law claims, if one looks at the factors that are appropriately balanced in exercising your Honor's decision to abstain or not to abstain, other than the fact that these are all state law claims as plaintiffs elected to plead, we think all of the other factors in fact go against abstention, which is to say, and I will to some extent repeat what Ms. Kotler said, that is to say these are not hard or complex questions of state law to which it will be important to keep it in the state law system. These are well established orders of action for fraud, negligence, misrepresentation where the elements are clear.

THE COURT: That was surely my view in Parmalat where I declined to abstain and the Second Circuit thinks that

everything under Illinois law -- I'm of course overstating and guilty of hyperbole and I mean no disrespect -- but everything in Illinois law is a certain question of state law, right?

MR. SLIFKIN: But we're in New York at least, your Honor.

THE COURT: Which way does that cut?

MR. SLIFKIN: I think it is really pretty clear.

THE COURT: That's what I thought in Parmalat as to Illinois and it is what the Seventh Circuit thinks too.

MR. SLIFKIN: And we respect both you and the Seventh Circuit, we think you're right, your Honor, you should apply the same reasoning here.

THE COURT: But my serious point, Mr. Slifkin, is that there is a tide running on what we used to lovingly call the 17th floor and the tide is running on abstention in bankruptcy cases in the direction of deferring to state courts. Don't you think?

MR. SLIFKIN: I would not disagree with that, your Honor, but that is not to say that the doctrine has been replaced. It is not the case --

THE COURT: No.

MR. SLIFKIN: That if plaintiffs simply artfully plead -- talking about artful, they just plead state law claims and don't plead the federal law claims, that means even if there is a relation to a Bankruptcy Court they automatically

get right out of the statute. The abstention doctrine is exception, it should not swallow the rule.

THE COURT: But here the relationship to bankruptcy is about as attenuated as it could be, just about. I mean, as to all the bankruptcies except Ramp everything is beyond the bar date, right?

MR. SLIFKIN: That is correct.

THE COURT: So.

MR. SLIFKIN: Let me just mention People's Choice because in People's Choice their claims -- certainly my client has claims which have not been liquidated or set aside by the Bankruptcy Court which has retained jurisdiction. So, I think in looking at the bar date arguments one should exclude People's Choice. And that's certainly the case for Ramp and Ramp, as your Honor is aware, is a $700 million issuance of securities. I know these cases involve a lot of money but $700 million is still a lot of money in my book and so that is not an insignificant piece of the potential liability here.

Beyond that, I just want to say one word on the state law which is plaintiffs repeatedly say in their papers that they are a New York-based entity and, frankly, your Honor that is just not correct. Bayerische Landesbank -- my German is not very good but I think it means Bavarian State Banks. And that is not based in New York, it is based in Munich, Germany.

I think the law is very clear that the fact that there

was a branch here does not set legal entities although it has to be authorized to do business in New York by the Office the controller, it is a subsidiary and controlled by the Bavarian state entity.

THE COURT: It is not a separate entity, right?

MR. SLIFKIN: That's correct.

THE COURT: So it's not a subsidiary.

MR. SLIFKIN: That is true, it is merely a branch. It is just an agent of the patient.

With that, if I could just turn to the Edge Act, in coming into this full cognizance of what Judge Sullivan said in the AIG cases but let's step back from this for a moment.

JP Morgan chase is a plainly federally chartered national association, a corporation organized under the laws of the United States and it is a party and it is being sued for all of the conduct of all of the other parties, either its parent or successor in interest. That's point number one.

THE COURT: But in fact it is not alleged to have engaged in the international transactions in question, right?

MR. SLIFKIN: That is true.

THE COURT: Okay.

MR. SLIFKIN: That is absolutely true. But, it is being sued for all of those transactions. And the transactions in question are international transactions. I mean, it is simply a fact that European banks such as, I will call it BLB

so as not to butcher the German any further, BLB had a great appetite for these types of securities and, as Ms. Kotler mentioned, we have the Stichting case in front of your Honor; I was in court on Friday in front of Judge Rakoff with the very same plaintiff's counsel today in a Dexia case. European banks bought a lot of residential mortgage-backed securities. It was a standard program in the '06-'07 time frame before the Lehman collapse and the shutdown of the market. It really was the way the mortgages got done in the United States. When these mortgages were issued everybody knew they were going to be bundled up and sold as mortgage-backed securities, an absolute securitization process, I dare say, there wouldn't have been so much mortgage activity. It is perfectly plain the way the banking business was done and it is perfectly plain these European plaintiffs were an integral part of that system. There was an appetite for these securities from these large, sophisticated European banks. That appetite --

THE COURT: Resulted in a great deal of indigestion.

MR. SLIFKIN: Well, but caveat emptor, particularly when you're a sophisticated entity.

So, we absolutely take the point that JP Morgan Chase is not, in and of itself, alleged to have been involved in these transactions, but it is being sued on behalf of its subsidiaries successor acquired companies for these actions and these actions, in our view, do involve international banking

and if not international banking, certain foreign financial operations. It is the raising of capital, at a minimum, by U.S. entities going to and seeking the funds of foreign banks. Accordingly, we think it is on all fours with something like Stamm v. Barclays. As we said before, it is just plainly, plainly a foreign entity doing business with European banks in the context of a banking -- U.S. bank from the context of a banking operation.

Thank you, your Honor.

THE COURT: Thank you.

Frankly, I don't think I need to hear from the other side. I disagree with the Edge Act argument, I agree with Judge Sullivan in Allstate. It is conceded that JP Morgan Chase Bank N.A. was not a party to any of the international banking transactions. It played no role in them. Judge Koeltl has reached a result similar to Judge Sullivan in the Societe Generale case. I agree with them. So, I find no Edge Act jurisdiction. I do think there is bankruptcy jurisdiction. And although I'm almost overwhelmed by the wonderful job done on behalf of Merrill Lynch with respect to attempting to establish that a nonserved in-state defendant can remove up until the point where they are served, I just don't buy the argument. It is flatly inconsistent with the purposes of the diversity jurisdiction, it is inconsistent in my opinion with the underlying policy of Congress in prohibiting removal by

in-state defendants and it is, in my view, notwithstanding my respect for all the Courts that have reached other views with whatever level of analysis was employed, I just don't agree with them. I think it is a straightforward question notwithstanding the superb logical statutory language based argument.

I do think related to jurisdiction that is related to bankruptcy jurisdiction. That jurisdictional basis is extremely broad, broad enough to take in all outdoors. I mean, sooner or later everything affects a bankruptcy, absolutely everything.

The escape hatch, as it were, is the abstention statute, and I think abstention is appropriate in this case. The relevant factors were set out, among other places in Guccione v. Bell. The state law issues here totally predominate. While I think nobody has pointed with clarity to any particular state law issue that might be regarded as exceptionally difficult or unsettled, the fact of the matter is that even recently, years after cases have been removed, suddenly issues that everyone concerned thought were not difficult or unsettled in the views of some courts have become difficult and unsettled. I think the degree of relatedness to the bankruptcy cases is slim and there is just no good logical reason for these two cases to be in federal court. So, I abstain, as a matter of discretion, and I will remand both to

the state courts.

Now, the question is whether I need to write or say anything more elaborate than what I have said. Am I right in thinking that this is a nonappealable order and nobody is going to be able to go to the Court of Appeals on it, in which case I can leave it as it is? Or if there is going to be appellate exercise, I can write on it.

MR. SLIFKIN: It is not appealable I think, your Honor.

MS. KOTLER: We agree.

THE COURT: That being the case, I will leave it where it is. I will enter a short form order this afternoon.

I really do appreciate a very fine job on all sides by counsel. It has been I big help but, as I guess somebody once said, somebody has to win and somebody has got to lose.

Thanks, folk. I appreciate it.

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

BAYERISCHE LANDESBANK, NEW YORK BRANCH,

Plaintiff,

-against- 12 Civ. 2804 (LAK)

BEAR STEARNS & CO., INC., et al.,

Defendants.

BAYERISCHE LANDESBANK, NEW YORK BRANCH,

Plaintiff,

-against- 12 Civ. 3856 (LAK)

MERRILL LYNCH & CO., INC., et al.,

Defendants.

ORDER

LEWIS A. KAPLAN, *District Judge.*

For reasons stated on the record in open court, upon which the Court may expand in writing, the plaintiff's motions to remand to the Supreme Court of the State of New York, County of New York (12 Civ. 2804, DI 5; 12 Civ. 3856, DI 5) are granted.

SO ORDERED.

Dated: July 16, 2012

Lewis A. Kaplan
United States District Judge

EXHIBIT F

Hearing Date: June 18, 2012 at 10:00 a.m. (ET)
Objection Deadline: June 11, 2012 at 4:00 p.m. (ET)

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Case No. 12-12020 (MG)
RESIDENTIAL CAPITAL, LLC, et al.,	)	Chapter 11
Debtors.	)	Jointly Administered

RESIDENTIAL CAPITAL, LLC, et al.,	)	Case No. 12-ap-01671 (MG)
Plaintiffs,	)	Bankruptcy Case No. 12-12020 (MG)
v.	)	Jointly Administered
ALLSTATE INS. CO., THE OTHER PARTIES LISTED ON EXHIBIT A TO THE COMPLAINT, JOHN DOES 1-1000,	)	
Defendants.	)	

NOTICE OF DEBTORS' MOTION TO EXTEND THE AUTOMATIC STAY OR, IN THE ALTERNATIVE, FOR INJUNCTIVE RELIEF ENJOINING PROSECUTION OF CERTAIN LITIGATION AGAINST DEBTORS' DIRECTORS AND OFFICERS AND NON-DEBTOR CORPORATE AFFILIATES

PLEASE TAKE NOTICE that the Debtors and debtors in possession in the above-captioned case have filed concurrently herewith the *Debtors' Motion to Extend the Automatic Stay or, in the Alternative, for Injunctive Relief Enjoining Prosecution of Certain Litigation Against Debtors' Directors and Officers and Non-Debtor Corporate Affiliates* (the "Motion").

PLEASE TAKE FURTHER NOTICE that a hearing will take place on **June 18, 2012 at 10:00 a.m. (prevailing Eastern time)** before the Honorable Martin Glenn, at the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004-1408, Room 501.

PLEASE TAKE FURTHER NOTICE that responses or objections to the Motion and the relief requested therein, if any, must be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Rules of the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), shall set forth the basis for the objection and the specific grounds therefore, and shall be filed with the Bankruptcy Court

electronically in accordance with General Order M-399, by registered users of the Bankruptcy Court's case filing system (the User's Manual for the Electronic Case Filing System can be found at http://www.nysb.uscourts.gov, the official website for the Bankruptcy Court), with a hard copy delivered directly to Chambers and served by first-class mail upon (a) Residential Capital, LLC, 1177 Avenue of the Americas, New York, NY 10036 (Attn: Tammy Hamzehpour); (b) proposed counsel for the Debtors with respect to all Defendants except Federal Home Loan Bank of Boston and Federal Home Loan Bank of Chicago, Morrison & Foerster LLP, 1290 Avenue of the Americas, New York, NY 10104 (Attn: Larren M. Nashelsky, Gary S. Lee, Joel C. Haims); (c) proposed conflicts counsel and proposed counsel for the Debtors with respect to Defendants Federal Home Loan Bank of Boston and Federal Home Loan Bank of Chicago, Curtis, Mallet-Prevost, Colt & Mosle LLP, 101 Park Avenue, New York, NY 10178 (Attn: Steven J. Reisman, Maryann Gallagher) (d) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, NY 10004 (Attn: Tracy Hope Davis, Linda A. Riffkin, and Brian S. Masumoto); (e) the Office of the United States Attorney General, U.S. Department of Justice, 950 Pennsylvania Avenue NW, Washington, DC 20530-0001 (Attn: US Attorney General, Eric H. Holder, Jr.); (f) Office of the New York State Attorney General, The Capitol, Albany, NY 12224-0341 (Attn: Nancy Lord, Esq. and Neal Mann, Esq.); (g) Office of the U.S. Attorney for the Southern District of New York, One St. Andrews Plaza, New York, NY 10007 (Attn: Joseph N. Cordaro, Esq.) (h) counsel for Official Committee of Unsecured Creditors, Kramer Levin Naftalis & Frankel LLP, 1117 Avenue of the Americas, New York, NY 10036 (Attn: Ken Eckstein and Douglas H. Mannal); (i) Citibank N.A., 390 Greenwich Street, 6th Floor, New York, NY 10013 (Attn: Bobbie Theivakurnaran); (j) Fannie Mae, 3900 Wisconsin Avenue NW, Mail Stop 8H-504, Washington,

D.C. 20016 (Attn: Vice President, Credit Management, John S. Forlines); (k) counsel for Ally Financial Inc., Kirkland & Ellis, 601 Lexington Avenue, New York, NY 10022 (Attn: Richard M. Cieri and Ray C. Schrock) (l) Deutsche Bank Trust Company Americas, 25 DeForest Avenue, Summit, NJ 07901 (Attn: Kevin Vargas); (m) The Bank of New York Mellon, Asset Backed Securities Group, 101 Barclays Street 4W, New York, NY 10286; (n) U.S. Bank National Association, 50 South 16th Street, Suite 2000, Philadelphia, PA 19102 (Attn: George Rayzis); (o) U.S. Bank National Association, 60 Livingston Avenue, EP-MN-WS1D, St. Paul, MN 55107 (Attn: Irina Palchuk); (p) counsel to U.S. Bank National Association, Kelley Drye & Warren LLP, 101 Park Avenue, New York, NY 10178 (Attn: James S. Carr and Eric R. Wilson); (q) Wells Fargo Bank, N.A., P.O. Box 98, Columbia, MD 21046 (Attn: Corporate Trust Services, GMACM Home Equity Notes 2004 Variable Funding Trust); (r) counsel to the administrative agent for the Debtors' proposed providers of debtor in possession financing, Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, New York 10036 (Attention: Kenneth S. Ziman and Jonathan H. Hofer); (s) Nationstar Mortgage LLC, 350 Highland Drive, Lewisville, TX 75067 (Attn: General Counsel) (t) counsel to Nationstar Mortgage LLC, Sidley Austin LLP, One South Dearborn, Chicago, IL 60603 (Attn: Larry Nyhan and Jessica CK Boelter); (u) Internal Revenue Service, P.O. Box 7346, Philadelphia, PA 19101-7346 (if by overnight mail, to 2970 Market Street, Mail Stop 5-Q30.133, Philadelphia, PA 19104-5016); and (v) Securities and Exchange Commission, New York Regional Office, 3 World Financial Center, Suite 400, New York, NY 10281-1022 (Attn: George S. Canellos, Regional Director); (w) all defendants in this adversary proceeding, so as to be received no later than **4:00 p.m. (prevailing Eastern time) on June 11, 2012**, or such shorter time as the Bankruptcy Court may hereafter order and of which you will receive subsequent notice**.**

PLEASE TAKE FURTHER NOTICE that if you do not timely file and serve a written objection to the relief requested in the Motion, the Bankruptcy Court may deem any opposition waived, treat the Motion as conceded, and enter an order granting the relief requested in the Motion without further notice or hearing.

PLEASE TAKE FURTHER NOTICE THAT a copy of the Motion may be obtained at no charge at http://www.kccllc.net/rescap or for a fee via PACER at http://www.nysb.uscourts.gov.

Dated: May 25, 2012
New York, New York

/s/ Gary S. Lee
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Hearing Date: June 18, 2012 at 10:00 a.m. (ET)
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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	Case No. 12-12020 (MG)
RESIDENTIAL CAPITAL, LLC, et al.,	Chapter 11
Debtors.	Jointly Administered
RESIDENTIAL CAPITAL, LLC, et al.,	Case No. 12-ap-01671 (MG)
Plaintiffs,	
v.	Bankruptcy Case No. 12-12020 (MG)
ALLSTATE INS. CO., THE OTHER PARTIES LISTED ON EXHIBIT A TO THE COMPLAINT, JOHN DOES 1-1000,	Jointly Administered
Defendants.	

DEBTORS' MOTION TO EXTEND AUTOMATIC STAY OR, IN THE ALTERNATIVE, FOR INJUNCTIVE RELIEF ENJOINING PROSECUTION OF CERTAIN PENDING LITIGATION AGAINST DEBTORS' DIRECTORS AND OFFICERS AND NON-DEBTOR CORPORATE AFFILIATES

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The Debtors seek an extension of the automatic stay to stay or enjoin the continued prosecution of twenty-seven lawsuits against the Debtors' non-debtor affiliates or directors and officers, all of which are based on the Debtors' issuance or sale of mortgage-backed securities. Without an extension of the automatic stay pursuant to Section 362(a) or Section 105(a) of the Bankruptcy Code, the protections that the automatic stay provides the Debtors would be nullified and the Debtors' restructuring efforts would be jeopardized.

PRELIMINARY STATEMENT

The Debtors and certain of their non-debtor affiliates have been named as defendants in twenty-seven lawsuits arising from the Debtors' issuance or sale of mortgage-backed securities (the "MBS Actions"). Those MBS Actions name as defendants four of the Debtors' non-debtor corporate affiliates: Ally Financial Inc. ("Ally Financial"), Ally Bank, GMAC Mortgage Group LLC ("GMACM Group"), and Ally Securities LLC ("Ally Securities") (collectively, the "Non-Debtor Corporate Affiliates"). Six of those lawsuits also name certain of the Debtors' former directors and officers (the "D&Os" and together with the Non-Debtor Corporate Affiliates, the "Non-Debtor Affiliates").

The twenty-seven MBS Actions bring either claims based on the Debtors' contractual representations and warranties provided to monoline insurers in conjunction with obtaining insurance on the securities, or securities claims based on the Debtors' statements made in the offering documents associated with the securitizations. The Non-Debtor Affiliates did not issue the mortgage-backed securities and did not provide the representations or warranties in conjunction with those securities. Nor were they responsible for preparing or filing the offering documents accompanying the securitizations.

Instead, the claims against the Non-Debtor Affiliates are dependent on, and inextricably intertwined with, the Debtors' alleged conduct. The complaints, for example, seek to hold the

Non-Debtor Affiliates liable based on control person, aiding and abetting, and alter ego theories. To prove these claims against the Non-Debtor Affiliates, the plaintiffs must first establish the underlying liability of the Debtors—that is, that the ***Debtors'*** offering materials for the subject securitizations contained misrepresentations or omissions regarding the underlying mortgage loans, or that the ***Debtors'*** contractual representations and warranties similarly misrepresented the characteristics of the loans. Without a finding of underlying wrongdoing by the Debtors, there can be no finding of liability against the Non-Debtor Affiliates.

The MBS Actions against the Debtors are now stayed pursuant to the automatic stay of Section 362. This Court should extend the automatic stay pursuant to Sections 362 or 105 to stay or enjoin the continuation of the MBS Actions against the Non-Debtor Affiliates for the following reasons. ***First***, the Debtors will be exposed to a significant risk of collateral estoppel, *stare decisis*, and evidentiary prejudice if the MBS Actions against the Non-Debtor Affiliates are allowed to continue. The Debtors' alleged conduct is the foundation for the plaintiffs' claims and allegations against the Non-Debtor Affiliates. Thus, any judicial decision on the claims against the Non-Debtor Affiliates—whether on the merits or on procedural issues—will inevitably be used later against the Debtors.

Second, if the MBS Actions against the Non-Debtor Affiliates are allowed to continue, the Debtors will face burdensome and overwhelming discovery from both the plaintiffs and the Non-Debtor Affiliates. The Debtors possess virtually all of the information necessary to prosecute and defend against the plaintiffs' claims, including the loan files, underwriting guidelines and memoranda, due diligence materials, relevant emails, quality audit documents, and other loan-level and securitization-related information. Discovery from the Debtors is inevitable if the lawsuits are allowed to continue, even if the claims against the Debtors are

stayed. And the scope of that discovery would be massive: in one exemplar case, the Debtors have produced more than one million pages of documents and their witnesses have sat for more than eighty days of depositions. That discovery cannot be reused in the other lawsuits, as each case involves different securitizations, different mortgage loans, different underwriting policies and procedures, different documents, different witnesses, and different facts. Discovery on the Debtors would consume significant time and resources, distract their management, eviscerate the benefits of the automatic stay, and frustrate their ability to restructure successfully.

Third, the Debtors will face indemnification claims if the MBS Actions against the Non-Debtor Affiliates are allowed to continue. Debtor Residential Capital, LLC ("ResCap") is obligated to indemnify both the D&Os and the Non-Debtor Corporate Affiliates for losses and expenses incurred in the MBS Actions, including for defense costs and any settlements or judgments. Those claims will have adverse consequences on the Debtors' estate.

Fourth, property of the Debtors' estate may be depleted if the MBS Actions against the Non-Debtor Affiliates are allowed to continue. The Debtors and Non-Debtor Affiliates share insurance coverage for certain of the MBS Actions. The Debtors submit that those insurance policies and their proceeds are assets of the Debtors' estate. *See In re Quigley Co., Inc.*, 676 F.3d 45, 58 (2d Cir. 2012). If the MBS Actions are allowed to continue, the Non-Debtor Affiliates will incur defense costs and losses that could draw down these insurance policies, depleting an asset that the Debtors contend is property of the estate.

For these reasons, the Debtors request that the Court extend the automatic stay pursuant to Section 362 or issue an injunction pursuant to Section 105 to stay or enjoin the prosecution of the MBS Actions (identified on Appendix A to this Motion) against the Non-Debtor Affiliates until the effective date of a restructuring plan in these Chapter 11 cases.

STATEMENT OF FACTS

The Debtors are a leading residential real estate finance company indirectly owned by Ally Financial. As of the Petition Date, the Debtors were the fifth largest servicer of residential mortgage loans in the United States. (*See* Aff. of J. Whitlinger in Supp. of Chapter 11 Pets. and First Day Pleadings ("Whitlinger First Day Aff."), Dkt. 6, ¶ 9.) As of March 31, 2012, the Debtors were servicing over 2.4 million mortgage loans with an aggregate unpaid principal balance of approximately $374 billion. (*Id.* ¶ 6.)

I. THE SECURITIZATION OF MORTGAGE LOANS

A fundamental part of the Debtors' business consists of securitizing or selling mortgage loans that they have purchased, brokered, or originated. (*Id.* ¶¶ 14-16.) Until April 30, 2012, the Debtors, through their capital markets function, combined mortgage loans that they originated with mortgage loans purchased from Ally Bank, and pooled those loans for securitization. (*Id.* ¶ 22.) The Debtors sold some of the mortgage loans to Fannie Mae and Freddie Mac for each of them to deposit into securitizations trusts; for other mortgage loans, the Debtors received Ginnie Mae guarantees and deposited those loans into securitization trusts that then issued mortgage-backed securities. (*Id.*)

From approximately 2004 through 2007, the Debtors also sold mortgage loans into so-called "private label securitizations" ("PLS"). (*Id.* ¶ 23 and n.15.) In PLS, the Debtors pooled together mortgage loans in their own names ("private label") and conveyed a pool of loans to a newly formed securitization trust (a "PLS Trust"). (*Id.*) A PLS Trust would raise cash to purchase the mortgage loans from the Debtors through the issuance of mortgage-backed securities ("MBS") to investors. (*Id.*) These private label MBS, which were often purchased by insurance companies, mutual funds, or other institutional investors, entitled holders to receive the principal and interest collected on the mortgage loans in the PLS Trust. (*Id.*) During this time,

the Debtors were involved in 392 private-label securitizations that involved an aggregate original principal loan amount in excess of $226 billion. (*See* Decl. of J. Whitlinger ¶ 9.)

Some private label MBS were insured by monoline insurance companies pursuant to financial guaranty contracts between the monoline insurers and the Debtors. Those insurance agreements guaranteed the repayment of the mortgage principal and interest to the MBS holder. (*See* Whitlinger First Day Aff. ¶ 101.) Thus, if a sufficient number of borrowers defaulted or were delinquent, the MBS holders would be made whole by the monoline insurers. In obtaining those insurance agreements, the Debtors provided the monoline insurers with various contractual representations and warranties relating to the residential mortgage loans pooled for the securitizations. (*See id.*)

II. THE MBS ACTIONS

The Debtors' Non-Debtor Affiliates have been named in twenty-seven lawsuits based on the Debtors' mortgage-backed securities (the "MBS Actions"). (*See* Decl. of J. Lipps ¶ 8.) The Debtors' non-debtor affiliates have been named as defendants in at least seventy-five more lawsuits that also name Debtor entities. The Debtors are not seeking to extend the automatic stay to those lawsuits at this time. Instead, this Motion is limited to the twenty-seven MBS Actions that bring claims against the Non-Debtor Affiliates.

All twenty-seven MBS Actions bring claims against one or more of the Non-Debtor Corporate Affiliates, and six of those bring claims against certain D&Os.[1] (*See id.*) The MBS Actions involve 116 securitizations and over 660,000 mortgage loans with an original principal balance of more than $83 billion. (*See id.*) Attached as Appendix A to this Motion is a list of all twenty-seven MBS Actions, along with a brief summary of the status of each case and the

[1] The named directors and officers are Bruce J. Paradis, Davee L. Olson, David C. Walker, Kenneth M. Duncan, Ralph T. Flees, James G. Jones, David M. Bricker, Lisa R. Lundsten, and James N. Young.

Debtor and Non-Debtor Affiliates named as defendants in each case. All twenty-seven MBS complaints are attached as Exhibits to the Declaration of Joel C. Haims.

The MBS Actions fall into three groups. In eleven lawsuits, monoline insurance companies seek damages for fraud and breach of contractual representations and warranties in connection with the MBS offerings ("Rep & Warranty Cases"). (*See* Lipps Decl. ¶ 9.) Private investors have filed fifteen lawsuits seeking damages for alleged violations of federal and state securities laws, fraud, and misrepresentations and omissions in connection with their purchases of the private-label securities ("PLS Investor Cases"). (*See id.*) Finally, the Federal Housing Finance Agency has brought a lawsuit similar to the PLS Investor Cases based on Freddie Mac's purchase of the Debtors' mortgage-backed securities ("FHFA Case"). (*See id.*)

The MBS Actions bring claims and allegations against the Non-Debtor Affiliates that are based almost entirely on the alleged conduct of the Debtors. (*See id.* ¶¶ 9-19.) The causes of action against the Non-Debtor Affiliates are premised on theories of derivative liability—such as control person, aiding and abetting, and alter ego liability—or are duplicative of allegations and theories asserted against the Debtors. (*See id.* ¶ 12, 37, 49; App'x to Lipps Decl. ¶ 18, 23, 35.) As a result, proving the claims against the Non-Debtor Affiliates first requires proving the Debtors' underlying wrongdoing: the plaintiffs must establish either that the Debtors' offering documents for the securitizations were false or misleading regarding the underlying mortgage loans, or that the Debtors' contractual representations similarly misrepresented the characteristics of those loans. (*See id.* ¶ 14.)

A. Rep & Warranty Cases

Two monoline insurance companies—Financial Guaranty Insurance Company ("FGIC") and Assured Guaranty Municipal Corp. ("Assured Guaranty")—have filed eleven Rep &

Warranty Cases against the Debtors and Non-Debtor Corporate Affiliates Ally Financial and/or Ally Bank. FGIC filed ten of the lawsuits, and Assured Guaranty filed the other.

These Rep & Warranty Cases all relate to the financial guaranty insurance policies that the plaintiffs issued in connection with securitizations sponsored by the Debtors' two operating subsidiaries, Debtor Residential Funding Co. ("RFC") or Debtor GMAC Mortgage LLC ("GMACM").[2] Debtors RFC or GMACM, as the sponsor of the securitizations, allegedly procured financial guaranty insurance policies (which guarantee repayment of mortgage principal and interest) from the plaintiffs to enhance the credit ratings and marketability of the securities that were ultimately issued. For example, FGIC alleges that RFC or GMACM "fraudulently induced FGIC's agreement to provide this insurance through willful and material misrepresentations and omissions concerning, among other things, the nature of its business practices and the credit quality and characteristics of the tens of thousands of ... loans ... that provided the collateral for the [securities]." *See, e.g., Fin. Guar. Ins. Co. v. Ally Fin., Inc.*, No. 12-cv-1658 (S.D.N.Y. filed Mar. 6, 2012) Compl. ¶ 1 (Ex. 23 to Haims Decl.). Assured Guaranty makes similar allegations. *See Assured Guar. Mun. Corp. v. GMAC Mortg., LLC*, No. 12-cv-3776 (S.D.N.Y. filed May 11, 2012) Compl. ¶ 7 (Ex. 26 to Haims Decl.).

The gravamen of all eleven Rep & Warranty complaints is the Debtors' alleged fraudulent inducement of the insurance agreements. The factual allegations focus on the actions of Debtors RFC and GMACM. All ten FGIC complaints do so in virtually identical language. *See, e.g., Fin. Guar. Ins. Co. v. Ally Fin., Inc.*, No. 12-cv-1658 Compl. ¶¶ 79-84 (Ex. 23 to Haims Decl.) (detailing "GMACM's Securitizations and Financial Guaranty Insurance Generally"); *id.* ¶¶ 93-114 (detailing "GMACM's Fraudulent Inducement of FGIC"); *id.* ¶¶ 130-

[2] As the organizational chart attached as Appendix B reflects, GMAC Mortgage LLC is a Debtor subsidiary of Debtor ResCap, while GMAC Mortgage Group LLC is a wholly separate Non-Debtor Corporate Affiliate.

157 (detailing "GMACM's Representations, Warranties and Affirmative Covenants"); *id.* ¶¶ 192-209 (detailing "GMACM's Fraud"); *id.* ¶¶ 215-221 (detailing "GMACM's Breach of Obligations as Master Servicer"). Assured Guaranty's complaint also centers on the Debtors' alleged actions. *See Assured Guar. Mun. Corp. v. GMAC Mortg., LLC*, No. 12-cv-3776, Compl. ¶¶ 42-65, 70-78, 81-104 (Ex. 26 to Haims Decl.) (describing contracts that Debtors entered into, alleged representations and warranties therein, and alleged breaches thereof).

The complaints attempt to allege facts against the Non-Debtor Affiliates, but even those allegations are tied to, and depend on, the alleged conduct of Debtors RFC and GMACM. For example, all of FGIC's complaints allege:

- "Ally Financial knew that the representations and warranties GMACM made to FGIC prior to and at the closing, upon which FGIC reasonably relied, were false." *Fin. Guar. Ins. Co.*, No. 12-cv-1658, Compl. ¶ 119 (Ex. 23 to Haims Decl.).
- "Ally Bank was aware of the representations and warranties GMACM made to FGIC regarding the nature of GMACM's business practices and the characteristics of the Mortgage Loans ...." *Id.* ¶ 117.

In addition, the causes of action in each Rep & Warranty complaint confirm that the Non-Debtor Affiliates' liability is dependent upon the Debtors' liability. The plaintiffs assert that the Non-Debtor Affiliates aided and abetted the Debtors and that Non-Debtor Affiliate Ally Financial was the alter ego of the Debtors. *See, e.g.*, *id.* ¶¶ 283-292. Those alter ego and aiding and abetting claims, however, require the plaintiffs to establish underlying wrongdoing by the primary actor—here, the alleged fraudulent inducement by Debtors GMACM or RFC.

In four lawsuits, the plaintiffs purport to bring direct claims against Non-Debtor Affiliate Ally Bank, but even those claims are inextricably intertwined with the claims against the Debtors. The plaintiffs allege that Ally Bank breached obligations arising from securitization agreements with the plaintiffs and the Debtors based on its role as custodian of the underlying mortgage loans. Those claims, though, are based on the securitization agreements, the mortgage

loan origination and acquisition process, and the handling and transfer of the mortgage loans—all of which involve facts and information in the Debtors' possession and are the foundation for the plaintiffs' claims against the Debtors. (*See* Lipps Decl. ¶¶ 71-72.)

The eleven Rep & Warranty Cases are still in the initial stages of litigation. (*See id.* ¶ 26; App'x to Lipps Decl. ¶¶ 1-6.) In fact, they were all filed within the last six months. (*See id*.) No substantive motions have been filed and discovery has not yet begun. (*See* Lipps Decl. ¶ 26.) Once discovery commences, however, it will be substantial—and directed at the Debtors. (*See id.* ¶¶ 26-31.) The best evidence of this is the discovery already taken in a rep & warranty case filed by MBIA Insurance, another monoline insurer, against only Debtor RFC. (*See id.* ¶ 26-27.) That case involved only five securitizations sponsored by Debtor RFC in less than one year (by contrast, these eleven cases involve nineteen securitizations over several years). (*See id.* ¶ 28.) In that case, Debtor RFC has produced over one million pages of documents and nearly one terabyte of data including source code, other application data, and back-end loan-level data relating to automated systems used in connection with underwriting, pricing, acquiring, pooling, auditing, and servicing the mortgage loans. (*See id.*) The Debtors' current and former employees were deposed for more than eighty days. (*See id.* ¶ 29.)

B. PLS Investor Cases

Purchasers of mortgage-backed securities issued in Debtor-sponsored securitizations have filed fifteen PLS Investor Cases against Non-Debtor Affiliates: Ally Securities is named in thirteen; Ally Financial is named in six; GMACM Group is named in three; Ally Bank is named in two; and certain of the Debtors' directors and officers are named in six.

Like the Rep & Warranty Cases, the PLS Investor Cases are based on the Debtors' conduct. Each PLS Investor Case is premised on the allegation that the Debtors' offering documents "contained untrue statements of material facts and omitted to state material facts

necessary in order to make the Offering Documents not misleading." *See, e.g., Fed. Home Loan Bank of Chi. v. Banc of Am. Funding Corp.*, No. 10 CH 45033 (Ill. Cir. Ct., Cook Cnty. filed Apr. 8, 2011) Am. Compl. ¶ 4 (Ex. 6 to Haims Decl.). Each PLS Investor Case alleges that the Debtors drafted those documents, circulated them to potential investors, filed them with the SEC, and issued the securities:

> Prior to issuing the Securities, the ***Depositor Defendants [Debtors RALI, RAMP, and RASC] prepared and filed*** with the SEC on Form S-3 registration statements under the Securities Act of 1933, 15 U.S.C. § 77k, indicating their intention to sell the Securities. The ***Depositors then issued*** the Securities pursuant to the registration statements, accompanying prospectuses, and subsequent prospectus supplements, or private placement memoranda. The ***Depositor Defendants*** and the Wall Street Banks ***drafted*** the prospectus supplements or private placement memoranda ***and circulated*** these documents to investors, including Plaintiff. The ***Depositor Defendants filed*** the prospectus supplements with the SEC.

Cambridge Place Inv. Mgmt. Inc. v. Morgan Stanley & Co., No. 10-2741-BLS2 (Mass. Super. Ct., Suffolk Cnty. filed July 9, 2010) Compl. ¶ 496 (emphasis added) (Ex. 2 to Haims Decl.).[3]

Like the Rep & Warranty Cases, the PLS Investor Cases assert causes of action against the Non-Debtor Affiliates that are predicated on the Debtors' allegedly wrongful conduct. Non-Debtor Affiliates Ally Financial and GMACM Group are typically referred to as "Control Persons," and their alleged liability is based on such a theory. For example:

- "As controlling persons ... the Controlling Person Defendants [Non-Debtor Affiliates Ally Financial and GMACM Group] are jointly and severally liable to [plaintiff] for the violations ... by the Depositor/Issuer Defendants [Debtors RAMP, RASC, and RFMSI] alleged herein." *Fed. Home Loan Bank of Chi. v. Banc of Am. Funding Corp..*, No. 10 CH 45033, Am. Compl. ¶¶ 678, 693.

- "As controlling persons pursuant to Massachusetts General Laws ... the Corporate ... Controlling Person Defendants [Non-Debtor Affiliates Ally Financial and GMACM Group] are jointly and severally liable with the controlled person or

[3] *See also Cambridge Place Inv. Mgmt. Inc. v. Morgan Stanley & Co.*, No. 11-0555-BLS2 (Mass. Super. Ct., Suffolk Cnty. filed Feb, 11, 2011) Compl. ¶ 487 (Ex. 3 to Haims Decl.) (same); *Huntington Bancshares Inc. v. Ally Fin. Inc.*, No. 27-cv-11-20276 (Minn. Dist. Ct., Hennepin Cnty. filed Oct. 19, 2011) Am. Compl. ¶ 48 (Ex. 8 to Haims Decl.) (alleging that Debtor entities "prepared and filed with the SEC the ... registration statements, to which the Certificates purchased by Plaintiff are traceable"); *Stichting Pensioenfonds ABP v. Ally Fin. Inc.*, No. 27-CV-11-20426 (Minn. Dist. Ct., Hennepin Cnty. filed Oct. 11, 2011) Compl. ¶ 58 (Ex. 12 to Haims Decl.) (same).

> entity [Debtors RFC and RALI] to the [plaintiff] for violations of Massachusetts General Laws ... alleged herein." *Fed. Home Loan Bank of Bos. v. Ally Fin. Inc.*, No. 11-cv-10952 (D. Mass. filed Apr. 20, 2011) Compl. ¶ 823 (Ex. 5 to Haims Decl.).

The plaintiffs' claims against Non-Debtor Affiliates Ally Securities and Ally Bank are similarly based on allegations that are virtually identical to the allegations against the Debtors. *See, e.g., Cambridge Place Inv. Mgmt.* No. 10-2741-BLS2, Compl. ¶¶ 522, 530 (Ex. 2 to Haims Decl.) (basing liability of Ally Securities and Debtors on exact same factual allegations); *Cambridge Place Inv. Mgmt. Inc. v. Morgan Stanley & Co.*, No. 11-0555-BLS2, Compl. ¶¶ 497, 505 (Ex. 3 to Haims Decl.) (same); *Mass. Mut. Life Ins. Co. v. Residential Funding Co.*, No. 11-cv-30035-MAP (D. Mass. filed May 17, 2012) First Am. Compl. ¶¶ 219-23 (Ex. 9 to Haims Decl.) (asserting same allegations against Debtors and Non-Debtor Affiliate Ally Securities).[4]

Similarly, all of the claims against the D&Os are based on the same allegations as the claims against the Debtors. *See, e.g., Huntington Bancshares Inc. v. Ally Fin. Inc.*, No. 27-cv-11-20276, Am. Compl. ¶¶ 215-27 (Ex. 8 to Haims Decl.) (bringing same claims against "Defendants" without differentiating between acts of D&Os and acts of Debtors); *N.J. Carpenters Health Fund v. RALI Series 2006-QO1 Trust*, No. 08-CV-08781-HB (S.D.N.Y. filed Jan. 3, 2011) Second Am. Compl. ¶¶ 225-29 (Ex. 10 to Haims Decl.) (same); *Stichting Pensioenfonds ABP v. Ally Fin. Inc.*, No. 27-CV-11-20426, Compl. ¶¶ 284-303 (Ex. 12 to Haims Decl.) (same); *Union Cent. Life Ins. Co. v. Credit Suisse First Bos. Mortg. Sec. Corp.*, No. 11-

[4] In two PLS Investor Cases, the plaintiff, Cambridge Place Investment Management Inc., voluntarily dismissed the Debtor defendants after the Debtors commenced these Chapter 11 cases. The plaintiff's claims against the Non-Debtor Affiliates are still founded on, and interwoven with, the conduct of the Debtors—just as they were before the plaintiff strategically chose to dismiss the Debtor defendants. In a third PLS Investor Case, filed after the commencement of these Chapter 11 cases, the plaintiff, the Federal Deposit Insurance Corporation, did not name any Debtors as defendants, instead naming only Non-Debtor Affiliate Ally Securities. The FDIC's claims against Ally Securities are nonetheless based on the Debtors' conduct, like the other PLS Investor Cases. As the FDIC's complaint concedes, the Debtors originated and securitized the loans; Ally Securities was merely the underwriter. *See, e.g., Fed. Deposit Ins. Corp. v. Bear Stearns Asset Backed Sec. I LLC*, No. 12-cv-4000 (S.D.N.Y. filed May 18, 2012) Compl. ¶ 37 Item 37 and ¶ 46 Item 46 (Ex. 4 to Haims Decl.).

cv-02890 (S.D.N.Y. filed May 4, 2012) Am. Compl. ¶¶ 815-16, 818, 828-29, 932-36, 847-60 (Ex. 14 to Haims Decl.) (same); *W. & S. Life Ins. Co. v. Residential Funding Co.*, No. A1105042 (Ohio Ct. Com. Pl., Hamilton Cnty. filed Sept. 9, 2011) Am. Compl. ¶¶ 231-51, 264-77 (Ex. 15 to Haims Decl.) (same); *Mass. Mut. Life Ins. Co. v. Residential Funding Co., LLC*, No. 11-cv-30035, First Am. Compl. ¶¶ 225-34 (Ex. 9 to Haims Decl.) (asserting joint and several liability against D&Os for claims against debtors).

The fifteen PLS Investor Cases that name Non-Debtor Affiliates are primarily at the initial stages of litigation. (*See generally* Lipps Decl.; App'x to Lipps Decl. ¶¶ 7-38.) Discovery is only proceeding in two cases, and that discovery has only just begun. Those two cases, however, make clear that the discovery burdens on the Debtors will be severe. (*See* Lipps Decl ¶¶ 39-43, 54-55.) Because the plaintiffs' claims are based almost entirely on the Debtors' conduct, their discovery requests also focus on the Debtors' documents and witnesses—and those requests are voluminous. In one case involving seven securitizations spanning three years, the plaintiffs have requested the loan files for all 48,000 loans at issue—a request that may generate more than five million pages, and possibly twice that amount. (*See id.* ¶¶ 33, 39.) Those loan files are in the custody and control of Debtor entities, and the burden of responding to that request would inevitably fall on the Debtors' personnel. (*See id.* ¶ 39.) The plaintiffs' sweeping requests also seek all internal communications, and communications with rating agencies, underwriters, due diligence firms, and government agencies, regarding the loans and all related business activities. (*See id.* ¶ 40.) In essence, the plaintiffs are requesting all internal and external communications, including emails, regarding the seven securitizations at issue. Those communications could total hundreds of thousands of pages. (*See id.* ¶¶ 41-42.) And the emails for the relevant time period are only available on thousands of back-up tapes, meaning that the

emails would have to be restored, processed, and searched before document review could begin. (*See id.* ¶ 43.) Those costly, time-consuming efforts would fall upon the Debtors. (*See id.*)

C. FHFA Case

The FHFA has filed one lawsuit against the Debtors and Non-Debtor Affiliates Ally Financial, GMACM Group, and Ally Securities. The FHFA filed similar lawsuits against sixteen other groups of defendants. Fifteen of the other cases are coordinated with the Ally suit before the same federal judge in the Southern District of New York, and pretrial activities are proceeding in a coordinated fashion.

The gravamen of the FHFA Case—like the other MBS Actions—is that the Debtors allegedly made "false and misleading statements and omissions in registration statements, prospectuses, and other offering materials pursuant to which certain residential mortgage-backed securities ... were purchased by Freddie Mac." *Fed. Hous. Fin. Agency v. Ally Fin. Inc.*, No. 652441/2011 (N.Y. Sup. Ct. filed Sept. 2, 2011) (removed to S.D.N.Y., No. 11-cv-07010) Compl. ¶ 1 (Ex. 27 to Haims Decl.). As with the PLS Investor Cases, the focus of the FHFA's factual allegations is the Debtors' alleged wrongdoing:

- "[Debtor] GMAC-RFC employed its wholly-owned subsidiaries, RFC, RALI, RASC and RAMP, in the key steps of the securitization process.... For all 21 Securitizations, RFC was the sponsor and either RALI, RASC or RAMP was the depositor." *Id.* ¶ 63.

- "[Debtor HomeComings] was the GMAC entity responsible for the origination of all of GMAC's residential mortgage loans during the relevant time period." *Id.* ¶ 117.

- "[Debtor] ResCap, as the sole corporate parent of GMAC-RFC, had the practical ability to direct and control the actions of GMAC-RFC, and in fact, exercised such direction and control over the activities of this entity related to the issuance and sale of the Certificates to Freddie Mac." *Id.* ¶ 65.

The causes of action against the Non-Debtor Affiliates likewise make clear that their liability is predicated upon the Debtors' alleged wrongful conduct. For example:

- "This claim is brought under Section 15 of the Securities Act of 1933, 15 U.S.C. §77o ('Section 15'), against ... [Non-Debtor GMACM Group] and [Non-Debtor Ally Financial] for controlling-person liability with regard to the Section 11 and Section 12(a)(2) causes of actions set forth above. *Id.* ¶ 215.

- "Defendant [Non-Debtor GMACM Group] wholly owns [Debtor] ResCap, and is thus, a parent of [Debtors] GMAC-RFC, RFC, and the Depositor Defendants.... It oversaw the actions of its subsidiaries and allowed them to misrepresent the mortgage loans' characteristics in the Registration Statements and established special-purpose financial entities such as the Depositor Defendants and the issuing trusts to serve as conduits for the mortgage loans." *Id.* ¶ 221.

The claims against Non-Debtor Affiliate Ally Securities are substantially similar to and intertwined with the basis for the Debtors' liability. *See id.* ¶¶ 201-06, 229-31, 234-36, 259-61.

The FHFA cases have not progressed substantially, and discovery has only just begun. (*See* Lipp Decl. ¶ 65.)

D. Discovery Burdens on the Debtors

If the MBS Actions against the Non-Debtor Affiliates are allowed to continue, the Debtors will inevitably face burdensome discovery requests. The lawsuits are based on the Debtors' conduct. The plaintiffs' claims hinge on whether the Debtors' offering materials for the securitizations at issue contained misrepresentations or omissions regarding the underlying mortgage loans, and whether the Debtors' contractual representations and warranties similarly misrepresented the characteristics of the loans. Thus, the key factual areas for discovery include:

a. The mortgage loan underwriting and diligence standards applied ***by the Debtors***;

b. The loan origination and acquisition practices followed ***by the Debtors***;

c. The pooling of mortgage loans for securitization ***by the Debtors***;

d. The preparation of securitization-related documents and risk disclosures ***by the Debtors***; and

e. The monitoring of loan performance and quality audit practices ***of the Debtors***.

The Debtors have possession and control of virtually all of the documents necessary to prosecute or defend against the plaintiffs' claims. (*See* Lipps Decl. ¶ 15.) The mortgage loan files, the transaction documents for each securitization, the securitization-related agreements and disclosures, the loan-level performance data, the underwriting guidelines and memoranda applicable to the loans, the due diligence materials, the quality audit documents and data for the loans, and the historical emails for those involved in every aspect of the business all are in the Debtors' possession—and those are the documents central to determining whether there *was* a contractual misrepresentation or any securities fraud. (*See id.*)

In contrast, the Non-Debtor Affiliates possess very few relevant documents. Neither Ally Financial nor GMACM Group have any documents or information specific to any securitizations or the mortgage loan underwriting process. (*See id.* ¶ 16.) Ally Securities at most would have a small amount of diligence- or sale-related information relating to its role as a securitization underwriter. (*See id.*) Ally Bank would, at a maximum, have a small amount of basic loan-level information relating to loans it contributed to the securitizations or for which it served as custodian, and its own underwriting guidelines—but not RFC's or GMACM's guidelines, which are the ones at issue in the litigation. (*See id.*) None of these materials are sufficient to prosecute or defend against the plaintiffs' claims, because none relate to the underwriting or securitization practices of the sponsors of the securitizations. (*See id.*) The document discovery, therefore, will focus almost exclusively on the Debtors.

The witnesses will also be current or former employees of the Debtors. The Debtors' employees have knowledge of the issues raised in the complaints, including the mortgage loan files, the underwriting policies and practices, the securitizations, and the due diligence and audit

processes. (*See id.* ¶ 74.) The Non-Debtor Affiliates, however, have few employees who can speak to those issues. In fact, GMACM Group does not even have any employees of its own.

Moreover, discovery in each lawsuit will be unique such that little, if any, discovery in one lawsuit will be necessary or relevant to another lawsuit. (*See id.* ¶ 17.) Each MBS Action involves different securitizations that were separately negotiated and structured. (*See id.*) Each securitization shelf (RALI, RAMP, RASC, RFMSI, and RFMSII) involves unique documents, processes, and personnel: for example, RALI was the shelf through which Alt-A first lien securitizations were offered; RASC was the shelf through which subprime first lien securitizations were offered; RFMSI was the shelf through which prime and jumbo first liens were offered; and RFMSII was the shelf through which second lien securitizations were offered. (*See id.*) Each securitization itself involves different mortgage loans. (*See id.*) And different loan products—first liens, second liens, prime, Alt-A, subprime—likewise involve different teams of employees, different automated processes, different underwriting guidelines, different diligence standards, and different audit practices. (*See id.*) The processes and personnel changed over time. (*See id.*)

As a result, each lawsuit essentially poses a new discovery challenge and unique discovery burdens from every other lawsuit. (*See id.*) The documents and witness testimony necessary for one case will not be relevant to other cases. (*See id.*) For example, a lawsuit involving 2005 RALI securitizations of Alt-A first liens will involve entirely different documents and testimony from a lawsuit involving 2006 RFMSII home equity securitizations, which would be different again from a lawsuit involving RASC subprime securitizations of any vintage. (*See id.*) These discovery burdens will primarily fall on the Debtors. (*See id.* ¶¶ 14, 19.)

III. THE SHARED INSURANCE POLICIES

Non-Debtor Affiliate Ally Financial has annually obtained Errors & Omissions insurance policies that also provide coverage to numerous insureds including the Debtors and the other Non-Debtor Affiliates. (*See* Whitlinger Decl. ¶ 25; *see also* Ex. C to Whitlinger Decl.) The Non-Debtor Affiliates and the Debtors are both entitled to use the proceeds to satisfy defense costs, settlements, and judgments for claims covered by the policies. (*See* Ex. C to Whitlinger Decl.) The shared insurance proceeds typically are paid on a first-billed, first-paid basis after the retention is exhausted, such that payments on behalf of the Non-Debtor Affiliates will deplete the proceeds available to the Debtors. (*See id.*) Non-Debtor Affiliate Ally Financial has tendered certain of the MBS Actions to the insurers for coverage under the E&O insurance policies, and the Debtors (and the other insureds, including the Non-Debtor Affiliates) would also be entitled to seek the insurance coverage for those lawsuits.

Attached as Exhibit C to the Whitlinger Affidavit is the primary E&O insurance policy covering the period 2007 to 2008. (*See id.*) That policy is representative of subsequent E&O policies, including the terms and conditions in those policies. There are also excess policies that sit above the primary policy and provide additional coverage for each policy year.

IV. THE DEBTORS' INDEMNIFICATION OBLIGATIONS

The Debtors have certain indemnification obligations to the Non-Debtor Affiliates based on two separate agreements.

Debtor ResCap has certain indemnification obligations to the Non-Debtor Corporate Affiliates pursuant to an Amended and Restated Operating Agreement between Debtor ResCap and Non-Debtor Affiliate Ally Financial. (*See* Whitlinger Decl. ¶ 24.) Section 3(c) of that Operating Agreement provides that "ResCap will, to the fullest extent permitted by law, indemnify, defend and hold harmless" the Non-Debtor Affiliates "from and against any losses

related to ResCap Indemnifiable Liabilities." (*See* Ex. B to Whitlinger Decl.) Pursuant to this provision, the Debtors have agreed to indemnify the Non-Debtor Corporate Affiliates for "Liabilities [that] (a) relate to, (b) arise out of or (c) result principally from" the "businesses and operations . . . of ResCap or its Subsidiaries." (*Id.* § 1.) The MBS Actions bring claims and allegations that "relate to, arise out of or result principally from" the "businesses and operations … of ResCap or its Subsidiaries"—*i.e.*, mortgage servicing and securitization. To the extent that the Non-Debtor Corporate Affiliates incur defense costs and losses through liability decisions in the MBS Actions, they will have direct claims against the Debtors' estate on account of these indemnification obligations.

The Amended and Restated Limited Liability Company Agreement of ResCap ("ResCap LLC Agreement") provides for indemnification of current and former directors, officers, and employees of ResCap and its subsidiaries. (*See* Whitlinger Decl. ¶ 23.) The ResCap LLC Agreement covers any employee, officer, or director who is "a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative" and provides indemnification for "expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the [officer, director, or employee or on that person's behalf] in connection with such action, suit or proceeding and any appeal therefrom." (*See* Ex. A to Whitlinger Decl. § 18(a)(i)-(ii)).) Those indemnification obligations cover losses and defense costs (and require advancement of such fees) associated with claims arising out of an act or omission committed in good faith while acting as an officer, director, or employee—such as the claims alleged in the MBS Actions. (*See id.*)

V. THE PLAN SUPPORT AGREEMENTS AND RMBS TRUST SETTLEMENT AGREEMENTS

The Debtors' efforts to consummate their proposed assets sales and restructure their businesses are proceeding on track. The Debtors have already obtained support for their proposed asset sales and restructuring plan from three key constituencies. (*See* Whitlinger Decl. ¶ 8.) In conjunction with its agreement to purchase the Debtors' legacy portfolio of mortgage loans, Ally Financial has agreed to support a proposed restructuring plan which includes the Debtors releasing their claims against Ally Financial as well as a third-party release of creditors' claims against the Non-Debtor Corporate Affiliates. (*See id.*) The Debtors have received support from creditors holding 37% of ResCap's outstanding junior secured notes. (*See id.*) The settlement with the junior secured noteholders also has the benefit of reducing the estate's interest obligations by $350 million. (*See id.*)

The Debtors also entered into written Trust Settlement Agreements, dated as of May 13, 2012, with two groups of institutional investors who hold a substantial portion of the MBS that are the subject of the PLS Investor Cases. (*See id.* ¶ 9.) These institutional investors hold more than 25% of the voting rights in one or more classes of securities in 290 of the 392 private label MBS that the Debtors issued from 2004 to 2007. (*See id.*) Those agreements provide, among other things, that the settling investors will direct the MBS trustees for each trust in which they have a 25% or more interest to settle its claims and support the proposed restructuring plan. (*See id.*) In exchange, the MBS trusts will receive a maximum aggregate allowed general unsecured claim of $8.7 billion for all representation and warranty claims, which sum would be reduced pro-rata for any trusts that do not accept the settlement offer. (*See id.*)

ARGUMENT

The automatic stay of Section 362(a) is "one of the fundamental debtor protections provided by the bankruptcy laws." *Midlantic Nat'l Bank v. N.J. Dep't of Envtl. Prot.*, 474 U.S. 494, 503 (1986); *accord E. Refractories Co. v. Forty Eight Insulations Inc.*, 157 F.3d 169, 172 (2d Cir. 1998); *In re Madoff*, 2012 WL 990829, at *7 (S.D.N.Y. Mar. 26, 2012); *In re Johns-Manville Corp.*, 26 B.R. 420, 425 (Bankr. S.D.N.Y. 1983). A primary purpose of the automatic stay is to "provide[] the debtor with 'a breathing spell from his creditors'" so that its restructuring efforts can proceed in an efficient, coordinated manner. *Teachers Ins. & Annuity Ass'n of Am. v. Butler*, 803 F.2d 61, 64 (2d Cir. 1986) (quoting S. Rep. No. 989, 95th Cong. 2d Sess. 54-55 (1978)); *accord In re Ionosphere Clubs, Inc.*, 922 F.2d 984, 989 (2d Cir. 1990); *In re Calpine Corp.*, 354 B.R. 45, 49 (Bankr. S.D.N.Y. 2006).

Courts have extended the automatic stay pursuant to Bankruptcy Code Sections 362 and 105 in order to stay the continued prosecution of claims against non-debtors where failure to do so would have an adverse economic impact on the debtors or would frustrate or impair their restructuring efforts. *See, e.g., Queenie, Ltd. v. Nygard Int'l*, 321 F.3d 282, 287-88 (2d Cir. 2003); *In re Calpine Corp.*, 365 B.R. 401, 410 (S.D.N.Y. 2007); *In re 1031 Tax Grp., LLC*, 397 B.R. 670, 686 (Bankr. S.D.N.Y. 2008) (Glenn, J.). Courts extend the automatic stay in such circumstances because permitting such claims to go forward would effectively eviscerate the protections that the automatic stay affords debtors. *See, e.g., In re United Health Care Org.*, 210 B.R. 228, 233 (S.D.N.Y. 1997). "In other words, 'Congressional intent to provide relief to debtors would be frustrated by permitting indirectly what is expressly prohibited in the Code.'" *In re Calpine*, 354 B.R. at 49 (quoting *In re United Health Care*, 210 B.R. at 233).

In order to effectuate the purpose of the automatic stay and provide the Debtors the protections it affords, this Court should stay or enjoin the continuation of the MBS Actions against the Non-Debtor Affiliates pursuant to Sections 362 and 105 of the Bankruptcy Code.

I. THE AUTOMATIC STAY OF SECTION 362 SHOULD BE EXTENDED TO STAY THE MBS ACTIONS AS AGAINST THE NON-DEBTOR AFFILIATES.

Section 362 automatically stays all "action[s] or proceeding[s] against the debtor" and all actions "to obtain possession … or to exercise control over property of the estate." 11 U.S.C. §§ 362(a)(1) and 362(a)(3). Pursuant to Section 362(a)(1), the Second Circuit has affirmed the extension of the automatic stay to stay actions against non-debtors where there is such an identity of interest that the action against the non-debtor would have an adverse impact on the debtor's estate or its efforts to restructure. *See Queenie*, 321 F.3d at 287-88. The Second Circuit has also affirmed the extension of the automatic stay pursuant to Section 362(a)(3) to stay actions against non-debtors that would otherwise "obtain possession … or … exercise control" of the estate's property. *See In re 48th St. Steakhouse, Inc.*, 835 F.2d 427, 430-31 (2d Cir. 1987).

This Court should extend the automatic stay to the Non-Debtor Affiliates in the MBS Actions pursuant to both 362(a)(1) and 362(a)(3). *First*, the Debtors and Non-Debtor Affiliates share an identity of interest such that judicial decisions or factual findings in the MBS Actions against the Non-Debtor Affiliates will effectively amount to decisions against the Debtors pursuant to the doctrines of collateral estoppel and *stare decisis*. *Second*, given that the claims and allegations against the Non-Debtor Affiliates are based on the Debtors' conduct, continued prosecution of the MBS Actions against the Non-Debtor Affiliates will inevitably impose a significant discovery burden on the Debtors, distract their key personnel from critical restructuring activities, and frustrate their efforts to restructure. *Third*, the Debtors' obligation to indemnify the Non-Debtor Affiliates for any defense costs and losses incurred in the MBS

Actions also warrants an extension of the stay under (a)(1). *Finally*, if the MBS Actions are allowed to continue, the Non-Debtor Affiliates may draw down insurance proceeds that the Debtors submit are property of the estate, thus the stay should be extended pursuant to (a)(3).

A. The MBS Actions Should Be Stayed Under Section 362(a)(1) Given The Non-Debtor Affiliates' Identity Of Interest With The Debtors.

The automatic stay of Section 362(a)(1) should be extended to stay actions against non-debtors "where 'there is such identity between the debtor and the third-party defendant that the debtor may be said to be the real party defendant.'" *Queenie*, 321 F.3d at 287-88 (quoting *A.H. Robins Co. v. Piccinin*, 788 F.2d 994, 999 (4th Cir. 1986)); *accord In re N. Star Contracting Corp.*, 125 B.R. 368, 370 (S.D.N.Y. 1991) ("[I]n circumstances where the debtor and the non-bankrupt party can be considered … as having a unitary interest, a section 362(a)(1) stay may suspend an action against a non-bankrupt party."); *In re Lomas Fin. Corp.*, 117 B.R. 64, 67-68 (S.D.N.Y. 1990); *In re Calpine*, 354 B.R. at 49. As the Second Circuit has made clear, the purpose of the rule is to prevent "a claim against the non-debtor [that] will have an immediate adverse economic consequence for the debtor's estate." *Queenie*, 321 F.3d at 287.

The Debtors and Non-Debtor Affiliates here have an identity of interest because the plaintiffs' claims against the Non-Debtor Affiliates are based on, and inextricably intertwined with, the Debtors' conduct. Thus, the continuation of the MBS Actions against the Non-Debtor Affiliates will adversely impact the Debtors' estate: those lawsuits will result in decisions that amount to decisions against the Debtors; they will inevitably lead to burdensome discovery from the Debtors; and they will create significant indemnification obligations for the Debtors.

1. Continuation of the MBS Actions Would Result In Decisions That Amount To Decisions Against The Debtors.

As the Fourth Circuit held in *A.H. Robins*—a decision endorsed by the Second Circuit in *Queenie*—the automatic stay should be extended to non-debtors where "there is such identity

between the debtor and the third-party defendant" that a finding or "judgment against the third-party defendant will in effect be a judgment or finding against the debtor." *A.H. Robins*, 788 F.2d at 999; *accord Queenie*, 321 F.3d at 288. This Court has confirmed that "a stay should be provided to codefendants when the claims against them and the claims against the debtor are inextricably interwoven, presenting common questions of law and fact, which can be resolved in one proceeding." *In re Ionosphere Clubs, Inc.*, 111 B.R. 423, 434 (Bankr. S.D.N.Y. 1990).

That is precisely the case here. The allegations and claims against the Non-Debtor Affiliates are "inextricably interwoven" with the allegations and claims against the Debtors. The PLS Investor and FHFA Cases rest on the allegation that the Debtors' offering materials for the securitizations at issue contained misrepresentations or omissions regarding the underlying mortgage loans. The claims and allegations against the Non-Debtor Affiliates are based on that fundamental allegation. If there is a finding of liability against the Non-Debtor Affiliates, it necessarily would rest on a finding that the Debtors' offering materials contained misrepresentations or omissions.

Similarly, the Rep & Warranty Cases rest on the allegation that the Debtors' representations and warranties in contracts with the monoline insurers similarly misrepresented the characteristics of the loans. That lynchpin allegation is the foundation for the allegations and claims against the Non-Debtor Affiliates. Again, if there is a finding of liability against the Non-Debtor Affiliates, there necessarily would be a finding that the Debtors' contractual representations and warranties were false or misleading.

Based on these interwoven allegations, the plaintiffs assert claims against the Non-Debtor Corporate Affiliates for control person, alter ego, and aiding and abetting liability. *See, e.g.*, *Fed. Home Loan Bank of Chi. v. Banc of Am. Funding Corp.*, No. 10 CH 45033, Am. Compl.

¶ 678, 693, 707 (Ex. 6 to Haims Decl.); *Fin. Guar. Ins. Co. v. Ally Fin., Inc.*, No. 12-cv-1658, Compl. ¶¶ 210-14, 222-59, 283-92, 336-340 (Ex. 23 to Decl of J. Haims). Those claims are dependent on the Debtors' alleged conduct, as the plaintiffs' complaints make clear:

- "Ally Financial, acting directly and/or indirectly through ResCap, directed ***GMACM's actions*** as set forth in this cause of action. *Fin. Guar. Ins. Co. v. Ally Fin. Inc.*, No. 12-cv-1658, Compl. ¶¶ 271, 279, 297, 305, 312, 325, 332, 337 (emphasis added) (Ex. 23 to Haims Decl.).

- "Ally Financial oversaw the actions of its subsidiaries and ***allowed them, including Defendants RALI, RAMP, RASC, and Residential Funding, to misrepresent*** the mortgage loans' characteristics in the Offering Documents." *Huntington Bancshares Inc. v. Ally Fin. Inc.*, No. 27-cv-11-20276, Am. Compl. ¶ 212 (emphasis added) (Ex. 8 to Haims Decl.).

- ***"Defendant Ally*** wholly owns [GMACM Group] and RFS and is the ultimate parent of [GMACM-Group], ResCap, GMAC-RFC, RFC, and the Depositor Defendants.... ***It oversaw the actions of its subsidiaries and allowed them to misrepresent*** the mortgage loans' characteristics in the Registration Statements and established special-purpose financial entities such as the Depositor Defendants and the issuing trusts to serve as conduits for the mortgage loans." *Fed. Hous. Fin. Agency v. Ally Fin. Inc.*, No. 652441/2011, Compl. ¶ 222 (emphasis added) (Ex. 27 to Haims Decl.).

The claims and allegations against the directors and officers are similarly based on the Debtors' actions:

- D&Os "***provided [Debtors] with substantial assistance in perpetrating the fraud***." *Huntington Bancshares Inc. v. Ally Fin. Inc.*, No. 27-cv-11-20276, Am. Compl. ¶ 245 (emphasis added) (Ex. 8 to Haims Decl.).

- D&Os are "jointly and severally liable to the same extent as the primary violators ***because [they were] officer[s] and/or director[s] of one or more [of the] primary violators and controlled their operations, including the securitizations at issue***." *Mass. Mutual Life Ins. Co. v. Residential Funding Co., LLC*, 11-cv-30035, Compl. ¶¶ 228-34 (emphasis added) (Ex. 9 to Haims Decl.).

- Each of the D&Os, "was, at the time of the wrongs alleged herein, a controlling person . . . . ***Each of the [D&Os] had the power to influence, and exercised that power and influence, to cause [Debtors] to engage in violations of the Securities Act***, as described above." *N.J. Carpenters Health Fund v. RALI Series 2006-QO1 Trust*, No. 08-CV-08781-HB, Second Am. Compl. ¶¶ 252-52 (emphasis added) (Ex. 10 to Haims Decl.).

Even the claims against Ally Securities and Ally Bank that are not based on a theory of derivative liability are nonetheless inextricably interwoven with the claims against the Debtors. Those claims arise almost exclusively out of the offering materials that the Debtors prepared and the alleged misrepresentations and misconduct in connection with the securitizations sponsored by the Debtors. (*See* Lipps Decl. ¶¶ 13-14, 24, 49.) Those claims could not go forward without also resolving allegations against the Debtors. (*See id.*)

Given the identity of interests between the Debtors and the Non-Debtor Affiliates, any decision against the Non-Debtor Affiliates would effectively amount to a decision against the Debtors—and that includes decisions on discovery disputes and dispositive motions, factual findings, and judgments on liability and damages. *See In re Ionosphere Clubs*, 111 B.R. at 434-35; *In re Adelphia Commc'ns Corp.*, 302 B.R. 439, 451-52 (Bankr. S.D.N.Y. 2003). In these circumstances, courts have extended the automatic stay to cover claims against non-debtors because of the risk that a decision against the non-debtors will be given collateral estoppel effect and applied against the debtors. *See, e.g.*, *In re Calpine*, 354 B.R. at 50 (extending the automatic stay to claims against non-debtor where not doing so would "expos[e] Calpine to a significant risk of collateral estoppel"); *In re Calpine*, 2007 WL 1302604, at *3 (Bankr. S.D.N.Y. Apr. 30, 2007) (same); *In re Adelphia*, 302 B.R. at 451 (extending the stay to claims against non-debtor given the "risk of imposition of collateral estoppel"); *In re Ionosphere Clubs*, 111 B.R. at 434-35 (extending stay to action against debtor's chairman); *In re Johns-Manville*, 26 B.R. at 429 (noting that debtor "could be collaterally estopped in subsequent suits from relitigating issues determined against its officers and directors"). Even if collateral estoppel arguably would not apply, the principle of *stare decisis* would nonetheless saddle the Debtors with findings and decisions rendered against the Non-Debtor Affiliates, warranting an extension of the automatic

stay. *See, e.g.*, *In re Calpine*, 354 B.R. at 50; *In re Adelphia*, 302 B.R. at 451-52 (extending the automatic stay to non-debtors where "there is a considerable *stare decisis* risk, apart from any collateral estoppel risk").

Moreover, if the MBS Actions are allowed to proceed against the Non-Debtor Affiliates, the testimony and other evidence generated in those cases would inevitably be used later against the Debtors. That risk of evidentiary prejudice alone is sufficient to warrant extending the automatic stay to non-debtors. *See In re Johns-Manville Corp.*, 40 B.R. 219, 225 (S.D.N.Y. 1984) (noting that a "witness may be confronted with his prior testimony under oath in a future proceeding directly involving [the debtor], whether or not [the debtor] was a party to the record on which the initial testimony was taken"); *In re Lion Capital Grp.*, 44 B.R. 690, 703 (Bankr. S.D.N.Y. 1984) ("[T]he risk that testimony by employees or agents might be subsequently employed against the debtor … warranted the issuance of a stay.").

Because the Non-Debtor Affiliates' alleged liability is based on, and derivative of, the Debtors' alleged conduct, any decision or evidence gleaned against the former will be used against the latter. Given that identity of interest, the collateral estoppel, *stare decisis*, and evidentiary prejudice that the Debtors would face warrants extending the automatic stay to prohibit the continuation of the MBS Actions against the Non-Debtor Affiliates. *See Queenie*, 321 F.3d at 288 (quoting *A.H. Robins*, 788 F.2d at 999); *see also In re Quigley*, 676 F.3d at 57 (noting that "whether a suit seeks to impose derivative liability" is "a helpful way to assess whether it has the potential to affect the bankruptcy *res*").

2. Continuation of the MBS Actions Would Lead to Extensive, Burdensome Discovery From The Debtors At This Critical Juncture.

The MBS Actions should also be stayed because if they are allowed to proceed, the Debtors will face significant discovery burdens that will distract key personnel and frustrate the

Debtors' restructuring efforts. The plaintiffs' claims against the Non-Debtor Affiliates are interwoven with—and derivative of—the allegations against the Debtors. The plaintiffs cannot prove their claims against the Non-Debtor Affiliates without also establishing the underlying conduct of the Debtors. To establish the Debtors' conduct, the plaintiffs would have to pursue and obtain substantial discovery from the Debtors. And similarly, to defend against the plaintiffs' claims, the Non-Debtor Affiliates would need discovery from the Debtors.

That discovery from the Debtors will be Herculean. The plaintiffs' sweeping allegations and claims against the Non-Debtor Affiliates involve over 116 securitizations, each of which has thousands of pages of offering documents. (*See* Lipps Decl. ¶ 8.) Each securitization shelf (RALI, RAMP, RASC, RFMSI, and RFMSII) involves unique documents, processes, and personnel. (*See id.* ¶ 17.) And the securitizations include more than 660,000 mortgage loans, each of which involves hundreds of pages of documents. (*See id.* ¶ 8.)

Virtually all of the relevant documents are in the Debtors' possession and control. The Debtors have the mortgage loan files, the loan-level performance data, the underwriting guidelines and memoranda applicable to the loans, the due diligence materials, the quality audit documents and data for the loans, the transaction documents for each securitization, the documents relating to the preparation of and negotiation of the various securitization-related agreements and disclosures, and historical emails for those involved in every aspect of the business. (*See id.* ¶ 15.)

The Non-Debtor Affiliates, by contrast, possess very few documents at issue. Ally Financial and GMACM Group have no documents or information specific to any securitizations or the mortgage loan underwriting process. (*See id.* ¶ 16.) Ally Securities and Ally Bank at most would have a very limited amount of relevant documents, and those would concern discrete

issues relating to diligence practices, underwriting guidelines, and custodial functions. (*See id.*) Those documents, however, would not be sufficient to pursue claims against the Non-Debtor Affiliates—and any discovery therefore would focus almost entirely on the Debtors.

The plaintiffs' document requests in two PLS Investor Cases illustrate the burden that document discovery will likely pose on the Debtors. In one case involving seven securitizations spanning three years, the plaintiffs have requested the loan files for all 48,000 loans at issue. (*See id.* ¶¶ 33, 39.) Given that loan files often contain several hundred pages of documents, that request alone may yield more than five million pages—and possibly ten million pages. (*See id.* ¶ 39.) Those loan files are in the custody and control of Debtor entities, and the burden of responding to that request would inevitably fall on the Debtors' personnel. (*See id.*) The plaintiffs also seek virtually all internal and external communications, including emails, regarding the seven securitizations at issue. (*See id.* ¶ 40.) Those requests could generate hundreds of thousands of pages, if not millions. (*See id.* ¶ 42.) That volume is not even the most burdensome aspect of those requests. The emails for that six year period are only available on thousands of back-up tapes. (*See id.* ¶ 43.) The emails would have to be restored from the back-up tapes, then processed and searched before document review could begin. (*See id.*) In the other PLS Investor Case, the plaintiffs have served over ninety document requests covering virtually every aspect of the Debtors' loan origination, acquisition, underwriting, auditing, and securitization businesses. (*See id.* ¶ 58.) The costly, time-consuming efforts necessary to produce these documents would fall to the Debtors. (*See id.* ¶ 62.) And that is only for two of the twenty-seven MBS Actions against the Non-Debtor Affiliates.

The discovery from the Debtors' witnesses would also be significant. Although none of the MBS Actions against the Non-Debtor Affiliates have proceeded to the point of depositions,

the deposition discovery in one Rep & Warranty Case against solely Debtor entities illustrates the enormity of the task. (*See id.* ¶¶ 26-29.) That case, *MBIA Insurance Corp. v. Residential Funding Company, LLC*, involved only five securitizations sponsored by Debtor RFC from a single securitization shelf (RFMSII), of a single loan type (second liens), during a one year span—but the plaintiffs took eighty days worth of depositions from the Debtors' current and former employees. (*See id.* ¶¶ 28-29.) Similarly, the plaintiffs in one PLS Investor Case have already indicated that they intend to take eighty fact depositions of the Debtors' current and former employees. (*See id.* ¶ 54.)

In many instances, the Debtor employees who are critical to the discovery in the MBS Actions are also critical to the Debtors' efforts to preserve the value of the estate and successfully reorganize. For example, Heather Anderson, the Director of Treasury of ResCap, is a key witness and resource in the MBS Actions. (*See id.* ¶ 74(a); Decl. of A. Janiczek 7.) Ms. Anderson is one of the only remaining current employees of any ResCap entity with personal knowledge of the first-lien structured finance operations at Debtor RFC. (*See* Lipps Decl. ¶ 74(a).) As one of the Debtors' two principal operating entities, RFC's conduct is central to many of the transactions at issue in the MBS Actions against the Non-Debtor Affiliates. (*See id.*) Ms. Anderson is virtually the only current employee who can assist with the document discovery and provide testimony regarding RFC's first-lien mortgage securitizations. (*See id.*)

At the same time, Ms. Anderson is intimately involved in the Debtors' restructuring efforts. (*See* Janiczek Decl. ¶ 8.) Ms. Anderson and her team assisted in negotiating the DIP facility and reviewed and analyzed all the agreements relating to it. (*See id.*) In order to comply with the terms of the DIP agreement, Ms. Anderson and her group have worked to change all of Treasury's internal processes for reporting, and she is responsible for producing daily, weekly,

and monthly reports regarding all assets covered by the DIP facility. (*See id.*) In addition, the Debtors' other lenders—including Ally Financial, Citigroup, and Fannie Mae—have new reporting and cash management requirements as a result of the bankruptcy filing, and Ms. Anderson is responsible for creating, implementing, and managing all of the new reporting going forward. (*See id.* ¶ 9.) Ms. Anderson is also directly involved in working on negotiations and cash management issues relating to the proposed sale to Nationstar. (*See id.* ¶ 10.) These functions are critical to maintaining and preserving the value of the estate in order to maximize recovery to the Debtors' creditors. It would be difficult, if not impossible, for Ms. Anderson to perform these vital restructuring tasks if she were simultaneously dragged into the discovery efforts in the MBS Actions. (*See id.* ¶ 11.)

Like Ms. Anderson, Tim Witten, a Senior Director of Investor Reporting in the ResCap Master Servicing group, is also a key resource in the MBS Actions and in the Debtors' efforts to restructure. (*See id.* ¶ 12.) During the time period relevant to the MBS Actions, Mr. Witten was responsible for the Master Servicing function at Debtor RFC, and as such he managed all the cash flows to and through each securitization trust out to investors. (*See* Lipps Decl. ¶ 74(c).) Given his intimate knowledge of these issues, Mr. Witten has regularly been called upon to assist in the litigation of the MBS Actions: he has routinely provided documents, worked with outside counsel, and been deposed in the MBS Actions. (*See id.*) And Mr. Witten would be a necessary resource and witness if the MBS Action against the Non-Debtor Affiliates were to proceed. (*See id.*) Assisting with that litigation discovery, however, would frustrate Mr. Witten's restructuring-related objectives. (*See* Janiczek Decl. ¶ 16.) Mr. Witten is heavily involved in the consummation of the proposed sale to Nationstar, including comparison of overlapping systems, vetting of platform compatibility, and extensive exchanges of information that must take place in

connection with the sale. (*See id.* ¶ 13.) Mr. Witten also has ongoing responsibility for managing the settlement with the fifty states Attorneys General related to foreclosure practices. (*See id.* ¶ 15.) It will be virtually impossible for Mr. Witten to perform those critical tasks necessary to maximize the estate's value if he and his team are called upon to provide discovery in the MBS Actions against the Non-Debtor Affiliates. (*See id.* ¶ 16.)

Compounding the burden on Ms. Anderson, Mr. Witten, and the Debtors as a whole, the discovery will differ from case to case and little can be used over and over again. (*See* Lipps Decl. ¶ 17.) Each MBS Action against the Non-Debtor Affiliates involves different securitizations. (*See id.*) Each securitization involves a unique set of mortgage loans that were separately negotiated and structured. (*See id.*) Each securitization shelf (RALI, RAMP, RASC, RFMSI, and RFMSII) involves unique documents, processes, and personnel. (*See id.*) Different loan products—first liens, second liens, prime, Alt-A, and subprime—likewise involved different teams of employees, different automated processes, different underwriting guidelines, different diligence standards, and different audit practices. (*See id.*) As a result, the documents and witness testimony necessary for one case may not be relevant to the other cases. (*See id.*) For example, a lawsuit involving 2005 RALI securitizations of Alt-A first liens will involve entirely different documents and testimony from a lawsuit involving 2006 RFMSII home equity securitizations, which would be different still from a lawsuit involving RASC subprime securitizations of any vintage. (*See id.*) Thus, each lawsuit essentially poses a new discovery challenge and unique discovery burdens, most of which would fall on the Debtors' shoulders. (*See id.*)

In short, if the MBS Actions against the Non-Debtor Affiliates were to proceed, the Debtors would face a significant discovery burden. Substantial estate resources would be

consumed to provide that discovery—all at a time when the Debtors, their advisors, and their employees should be singularly focused on achieving the Debtors' restructuring objectives. The protections that the automatic stay was designed to provide the Debtors would be eviscerated, as the Debtors would be forced to participate in the MBS Actions as if the cases were still proceeding against them. *See, e.g.*, *In re United Health Care*, 210 B.R. at 233; *In re Calpine*, 354 B.R. at 49; *In re Am. Film Techs., Inc.*, 175 B.R. 847, 850-51 (Bankr. D. Del. 1994); *In re Loewen Grp., Inc. Sec. Litig.*, 2001 WL 530544, at *4 (E.D. Pa. May 16, 2001). The automatic stay should therefore be extended to halt the MBS Actions against the Non-Debtor Affiliates so that the Debtors' restructuring efforts are not frustrated or jeopardized.

3. Continuation of the MBS Actions Would Create Significant Indemnification Obligations for the Debtors' Estate.

Courts have also extended the automatic stay pursuant to Section 362(a)(1) "where an action against one party is essentially an action against the bankruptcy debtor, as in the case where a third-party is entitled to indemnification by the debtor for any judgment taken against it." *In re W.R. Grace & Co.*, 2004 WL 954772, at *2 (Bankr. D. Del. Apr. 29, 2004); *accord A.H. Robins*, 788 F.2d at 999 (extension of automatic stay to non-debtors appropriate where "there is such identity between the debtor and the third-party defendant" that a finding or "judgment against the third-party defendant will in effect be a judgment or finding against the debtor"); *Queenie*, 321 F.3d at 288; *see also In re Calpine*, 354 B.R. at 50; *In re United Health*, 210 B.R. at 232. Here, the automatic stay should also be extended because the Debtors are obligated to indemnify both the Non-Debtor Corporate Affiliates and the D&Os.

The Non-Debtor Corporate Affiliates are entitled to indemnification from the Debtors for certain claims pursuant to an Amended and Restated Operating Agreement between Debtor ResCap and Non-Debtor Ally Financial. (*See* Ex. B to Whitlinger Decl.) Section 3(c) of that

Operating Agreement provides that "ResCap will, to the fullest extent permitted by law, indemnify, defend and hold harmless" the Non-Debtor Affiliates "from and against any losses related to ResCap Indemnifiable Liabilities." (*See id.*) Pursuant to this provision, the Debtors agreed to indemnify the Non-Debtor Affiliates for "Liabilities that relate to, arise out of or result principally from" the "businesses and operations . . . of ResCap or its Subsidiaries." (*Id.* § 1.) The MBS Actions bring claims that "relate to, arise out of or result principally form" the Debtors' "businesses and operations." The Debtors' "businesses or operations" are the origination, acquisition, securitization, and service of mortgage loans—and that is precisely the issue in the MBS Actions. Accordingly, the Debtors are obligated to indemnify the Non-Debtor Corporate Affiliates for attorneys' fees/expenses and losses incurred in the MBS Actions.

The D&Os are entitled to indemnification from the Debtors for a broad variety of claims pursuant to the Amended and Restated Limited Liability Company Agreement of ResCap ("ResCap LLC Agreement"). (*See* Ex. A to Whitlinger Decl.) The ResCap LLC Agreement provides for the Debtors to indemnify any employee, officer, or director who is "a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative." (*Id.* § 18(a)(i).) The ResCap LLC Agreement indemnifies "expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the [officer, director, or employee or on that person's behalf] in connection with such action, suit or proceeding and any appeal therefrom." (*Id.* § 18(a)(ii).) Thus, any defense costs, judgments, or settlements that the D&Os incur in the MBS Actions are really costs and expenses to the Debtors and their estate.

The continuation of the MBS Actions against the Non-Debtor Affiliates will create indemnification claims against the estate. Pursuant to Section 362(a)(1), this Court should

extend the automatic stay to stay the MBS Actions against the Non-Debtor Affiliates. *See, e.g.*, *In re W.R. Grace*, 2004 WL 954772 at *2; *Queenie*, 321 F.3d at 287; *In re Calpine*, 354 B.R. at 50; *In re North Star Contracting*, 125 B.R. at 370.

B. The MBS Actions Should Be Stayed Under Section 362(a)(3) In Order To Preserve And Protect The Estate's Property.

Section 362(a)(3) protects the bankruptcy estate's assets by automatically staying "any act to obtain possession … or to exercise control over property of the estate." 11 U.S.C. § 362(a)(3). As this Court has recognized, Section 362(a)(3) "prohibits interference with the disposition of the assets that are under the Court's wing—*whether or not the Debtor is named as a defendant as part of the effort*." *In re Adelphia Commc'ns Corp.*, 345 B.R. 69, 76 (Bankr. S.D.N.Y. 2006) (emphasis added). Thus, Section 362(a)(3) directs the stay of any action whether against the debtor or non-debtors that would have an adverse impact on the property of the bankruptcy estate. *See In re 48th St. Steakhouse*, 835 F.2d at 431 ("If action taken against the non-bankrupt party would inevitably have an adverse impact on property of the bankrupt estate, then such action should be barred by the automatic stay."); *see also Queenie*, 321 F.3d at 287 (automatic stay applies to non-debtors when claim against non-debtor will have "adverse economic consequence for the debtor's estate"); *In re Gucci*, 126 F.3d 380, 392 (2d Cir. 1997) ("We have ruled that an action taken against a nondebtor which would inevitably have an adverse impact upon the property of the estate must be barred by the automatic stay provision.").

The MBS Actions against the Non-Debtor Affiliates could adversely impact—and deplete—property that the Debtors' submit is part of their estate, and thus should be stayed pursuant to Section 362(a)(3). The Debtors and Non-Debtor Corporate Affiliates share Errors & Omissions insurance policies and proceeds that provide coverage for the MBS Actions, and the

Debtors submit that those shared policies and proceeds are property of the estate. (*See* Whitlinger Decl. ¶ 25.)

Just last month, in *In re Quigley Co., Inc.*, 676 F.3d 45 (2d Cir. 2012), the Second Circuit confirmed that insurance policies and proceeds that cover both debtors and their non-debtor parents and affiliates are joint property of the debtors' estate and the non-debtor entities. *Id.* at 57; *see also In re Johns-Manville Corp.*, 600 F.3d 135, 152 (2d Cir. 2010) ("[T]he insurance policies that Travelers issued to Manville are the estate's most valuable asset."); *MacArthur Co. v. Johns-Manville Corp.*, 837 F.2d 89, 92 (2d Cir. 1988) (agreeing with the "[n]umerous courts [that] have determined that a debtor's insurance policies are property of the estate"); *In re MF Global Holdings Ltd.*, --- B.R. ---, 2012 WL 1191892, at *9 (Bankr. S.D.N.Y. Apr. 10, 2012) ("[I]t is well-settled that a debtor's liability insurance is considered property of the estate."); *In re 1031 Tax Grp.*, 397 B.R. at 677-78 (recognizing that shared Errors & Omissions policy was property of estate). The proceeds of such shared insurance policies are "property of the estate if depletion of the proceeds would have an adverse effect on the estate to the extent the policy actually protects the estate's other assets from diminution." *In re Downey Fin. Corp.*, 428 B.R. 595, 603 (Bankr. D. Del. 2010) (quoting *In re Allied Digital Techs. Corp.*, 306 B.R. 505, 512 (Bankr. D. Del. 2004)); *accord In re Quigley*, 676 F.3d at 52; *In re MF Global*, 2012 WL 1191892 at *10; *In re First Cent. Fin. Corp.*, 238 B.R. 9, 16 (Bankr. E.D.N.Y. 1999) ("[T]he estate's property interest in the proceeds of a typical liability policy is an unstated given," particularly where "the debtor is also the beneficiary of the liability insurance coverage.").

The Second Circuit's recent decision in *Quigley* is particularly instructive. The *Quigley* decision stems from lawsuits against Quigley regarding products it manufactured that allegedly contained asbestos. 676 F.3d at 47. Pfizer, which had acquired Quigley during the time that

Quigley was allegedly producing the asbestos-contaminated products, was also named as a defendant in many of those lawsuits on a theory of derivative liability. *Id.* Ultimately, the asbestos-related lawsuits drove Quigley into bankruptcy. *Id.* In its bankruptcy proceedings, Quigley sought to extend the automatic stay to include the asbestos-related claims against Pfizer. *Id.* In support of that motion, Quigley established that it and Pfizer shared common insurance policies and a shared insurance trust, and both companies were jointly entitled to use the proceeds "to satisfy settlements, judgments and defense costs related to ... Asbestos Related Claims." *Id.* Those proceeds were to be paid out "on a first billed, first paid basis, irrespective of amounts previously billed by or paid to Pfizer or Quigley," and thus, Quigley argued, payments on behalf of Pfizer would deplete the proceeds available to Quigley. *Id.*

The bankruptcy court agreed and extended the automatic stay to prohibit the continuation of "any and all pending or future Asbestos Related Claims against Pfizer during the pendency of Quigley's chapter 11 case." *Id.* at 48. The bankruptcy court stayed the actions against Pfizer "to prevent depletion of the Shared Insurance Policies and the Insurance Trust assets, which would cause immediate and irreparable injury to Quigley's estate and impair Quigley's ability to implement its pre-negotiated chapter 11 plan and successfully reorganize." *Id.*

On appeal, the Second Circuit considered whether the bankruptcy court had jurisdiction to stay certain of the asbestos-related actions against Pfizer. *Id.* at 53-58. In concluding that the bankruptcy court had jurisdiction, the Second Circuit held that the shared insurance policies "are the joint property of Pfizer and Quigley's estate." *Id.* at 53. The Second Circuit next found that if the asbestos-related actions against Pfizer were allowed to continue, "Pfizer may submit a claim to be paid out of insurance that is this joint property." *Id.* Under these circumstances, the Second Circuit concluded that "drawing down of [the shared] insurance policies" would deplete

an asset of the bankruptcy estate and thus, the bankruptcy court had jurisdiction to stay the actions against Pfizer. *Id.* at 58.

So too here. As in *Quigley*, the plaintiffs in the MBS Actions bring claims against the Debtors on account of their conduct and against the Non-Debtor Affiliates on theories of derivative liability. (*See generally* Lipps Decl. and App'x to Lipps Decl) The Debtors and the Non-Debtor Affiliates share common Errors & Omissions insurance policies and both are entitled to use the insurance proceeds to satisfy defense costs, settlements, and judgments. (*See* Whitlinger Decl. ¶ 25; Ex. C to Whitlinger Decl..) As in *Quigley*, the shared insurance proceeds are paid on a first billed, first paid basis, such that payments on behalf of the Non-Debtor Affiliates will deplete the proceeds available to the Debtors. (*See* Ex. C to Whitlinger Decl.) As such, every insurance dollar paid on behalf of the Non-Debtor Affiliates leaves one less dollar of insurance coverage available to the Debtors' estate. If the MBS Actions are allowed to proceed, the Non-Debtor Affiliates may draw down the shared insurance proceeds to pay for their defense costs and any settlements or judgments.

Thus, as the Second Circuit found in *Quigley*, allowing the MBS Actions to continue against the Non-Debtor Affiliates will reduce the insurance proceeds available to the Debtors, thereby depleting an asset that the Debtors submit is property of the estate. *See Quigley*, 676 F.3d at 53-58; *see also In re First Cent. Fin.*, 238 B.R. at 16-17; *In re 1031 Tax Group*, 397 B.R. at 684-85. That alone warrants extending the stay pursuant to Section 362(a)(3) to stop prosecution of the MBS Actions against the Non-Debtor Affiliates. *See In re 48th St. Steakhouse*, 835 F.2d at 431 (extending automatic stay to cover action against non-debtor that sought to exercise control of the debtors' property); *see also Quigley*, 676 F.3d at 58; *A.H. Robins*, 788 F.2d at 1001-02 (indicating that proceedings against third parties "who qualify as

additional insureds under the policy" are covered by automatic stay); *Queenie*, 321 F.3d at 287 (automatic stay may apply to non-debtors when claim will adversely affect debtor's estate).

II. THE CONTINUED PROSECUTION OF THE MBS ACTIONS AS AGAINST THE NON-DEBTOR AFFILIATES SHOULD BE ENJOINED UNDER SECTION 105.

This Court should also enjoin the continued prosecution of the MBS Actions as against the Non-Debtor Affiliates pursuant to Section 105(a).

Section 105(a), which authorizes the bankruptcy court to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of [title 11]," gives this Court broad powers to enjoin actions against non-debtors. *See In re Chateaugay Corp.*, 93 B.R. 26, 29 (S.D.N.Y. 1988) ("[T]he Bankruptcy Court has authority under § 105 broader than the automatic stay provisions of § 362 and may use its equitable powers to assure the orderly conduct of the reorganization proceedings."); *Haw. Structural Ironworkers Pension Trust Fund v. Calpine Corp. Inc.*, 2006 WL 3755175, at *4 (S.D.N.Y. Dec. 20, 2006) ("Section 105 may support the issuance of an injunction to parties who do not fall within the scope of section 362(a)."); *In re 1031 Tax Grp.*, 397 B.R. at 684 ("Section 105 authorizes a bankruptcy court to exercise power outside the bounds of the automatic stay."). "[T]he Second Circuit, courts in this District, and courts in other circuits have 'construed [Section 105] liberally to enjoin suits that might impede the reorganization process,'" including actions against non-debtors. *In re Adelphia Commc'ns Corp.*, 298 B.R. 49, 54 (S.D.N.Y. 2003) (quoting *MacArthur*, 837 F.2d at 93); *see also In re Calpine Corp.*, 365 B.R. at 409, 413-14; *Haw. Structural*, 2006 WL 3755175, at *6; *In re Lyondell Chem. Co.*, 402 B.R. 571, 588-89 (Bankr. S.D.N.Y. 2009); *In re 1031 Tax Grp.*, 397 B.R. at 684-86; *In re Calpine Corp.*, 354 B.R. at 50; *In re Calpine Corp.*, 2007 WL 1302604, at *4; *In re N. Star Contracting*, 125 B.R. at 370 n.1; *In re Ionosphere Clubs*, 111 B.R. at 434.

A debtor's request for an injunction pursuant to Section 105 is treated as a request for a preliminary injunction. *See In re Calpine Corp.*, 365 B.R. at 409. A debtor, however, "need not satisfy the more rigorous requirements for a preliminary injunction under Rule 65 of the Federal Rules of Civil Procedure" to obtain an injunction pursuant to Section 105. *In re Chateaugay*, 201 B.R. 48, 71 (Bankr. S.D.N.Y. 1996). Instead, courts in this district apply the "traditional preliminary injunction standard as modified to fit the bankruptcy context." *In re Calpine*, 365 B.R. at 409. That standard involves evaluating four factors, none of which is determinative:

1. whether there is a an imminent irreparable harm to the debtor's estate or its ability to restructure;
2. whether there is a reasonable likelihood of a successful restructuring;
3. whether the balance of harms tips in favor of the debtor; and
4. whether the public interest weighs in favor of an injunction.

See id.; *In re United Health Care Org.*, 210 B.R. at 233; *Haw. Structural*, 2006 WL 3755175, at *4; *In re Lyondell Chem.*, 402 B.R. at 588-89.

The Debtors satisfy all four of these factors for an injunction under Section 105.

A. Continuation Of The MBS Actions Will Irreparably Harm The Debtors.

The Debtors will suffer irreparable harm to both their estate and their ability to successfully restructure if the MBS Actions against the Non-Debtor Affiliates are not stayed, because the continuation of the MBS Actions will "burden, delay or otherwise impede the reorganization proceedings." *In re Lyondell Chem.*, 402 B.R. at 590. In assessing whether an injunction is necessary to preserve the estate or protect the restructuring efforts, courts in this district have focused on three factors: (1) whether the debtors' estate would be harmed in the absence of an injunction; (2) whether the debtors face a risk of binding rulings or evidentiary prejudice if the cases proceed against the non-debtors; and (3) whether the litigation against the

non-debtors would distract the debtors' key personnel and frustrate their efforts to restructure. *See In re Calpine Corp.*, 354 B.R. at 50; *In re Calpine Corp.*, 2007 WL 1302604 at *3-4; *In re Lomas Fin.*, 117 B.R. at 66-67; *Malm v. Goldin*, 1993 WL 330489, at *2 (S.D.N.Y. Aug. 27, 1993); *see also In re 1031 Tax Grp.*, 397 B.R. at 684-85. Absent an injunction here, the Debtors would be irreparably harmed in each of these respects.

First, enjoining the MBS Actions is necessary to preserve the property of the Debtors' estate. As set forth above, the Debtors submit that the shared insurance policies, and their proceeds, are assets of the estate. *See supra* at pp. 17, 34-48; *see also In re Quigley*, 676 F.3d at 53-58. If the MBS Actions are allowed to proceed, the Non-Debtor Affiliates may draw down those insurance policies, depleting the proceeds available for the Debtors and causing irreparable harm to the estate. *See In re 1031 Tax Grp.*, 397 B.R. at 685 (finding irreparable harm because "[i]f the Colorado Lawsuits go forward, insurance proceeds recoverable by the estate from these wasting policies may be diminished by defense costs of the McCabe Group").

In addition, the Debtors would face substantial indemnification obligations for any attorneys' fees/expenses and losses that the Non-Debtor Affiliates incur in the MBS Actions. *See supra* at pp 17-18, 32-34. These potential indemnification claims also constitute irreparable harm. *See In re 1031 Tax Grp.*, 397 B.R. at 685 (finding irreparable harm where "there is a substantial risk that the Debtors face liability for indemnification if the Colorado Lawsuits are permitted to continue"); *In re Calpine*, 354 B.R. at 50; *In re United Health*, 210 B.R. at 232 ("One example of a situation where such an injunction would be permitted would be a suit against a third party who is entitled to absolute indemnity by the debtor on account of any judgment that might result against it in the case.").

Second, the risk of collateral estoppel, *stare decisis*, and evidentiary prejudice to the Debtors also warrants an injunction. As detailed above, the plaintiffs' claims against the Non-Debtor Affiliates are premised on theories of derivative liability—including control person, aiding and abetting, and alter ego liability. *See supra* at pp. 5-14, 22-26. To establish the Non-Debtor Affiliates' liability, the plaintiffs must first establish the Debtors' liability as a predicate. Thus, any findings and rulings against the Non-Debtor Affiliates, and any evidence generated, would inevitably be used against the Debtors.

The Debtors therefore would face a Hobson's choice if the MBS Actions are allowed to proceed against the Non-Debtor Affiliates: either take advantage of the protections of the automatic stay, sit on the sidelines while the cases continue, and be saddled with the evidence generated, findings made, and decisions rendered; or participate in the defense of the cases to protect their litigation interests and lose the benefits of the automatic stay. Either option constitutes irreparable harm. *See In re Adelphia Commc'ns*, 302 B.R. at 451 ("The courts in this and other districts have repeatedly recognized that section 105 may be used to enjoin litigation against non-debtors where there is the potential threat of the debtor being collaterally estopped from asserting defenses if an adverse judgment is entered against the non-debtors."); *In re Calpine Corp.*, 354 B.R. at 50 ("In light of the identity of interest between [the debtor] and [the non-debtor], [the debtor] will suffer irreparable harm if the Nevada Litigation continues through the risk of collateral estoppel and evidentiary prejudice …."); *In re Barney's Inc.*, 200 B.R. 527, 531 (Bankr. S.D.N.Y. 1996) ("Courts apply section 105 of the Bankruptcy Code to enjoin litigation against non-debtors when an adverse judgment in that litigation will collaterally estop the debtor in subsequent litigation."); *In re Lomas Fin.*, 117 B.R. at 67 ("The threat of collateral estoppel would force [the debtor's key personnel] to participate in the [action] … thus causing

the corporation and its reorganization plan irreparable harm."); *In re Ionosphere Clubs*, 111 B.R. at 435 (same); *see also In re S.W. Bach. & Co.*, 425 B.R. 78, 102 (Bankr. S.D.N.Y. 2010) (Glenn, J.).

Finally, even if the Debtors chose not to participate actively in the litigation of the cases, they would face substantial discovery burdens that would irreparably harm their efforts to restructure. As set forth above, the plaintiffs' claims against the Non-Debtor Affiliates are dependent on proving the Debtors' underlying conduct. Thus, the plaintiffs would have to obtain discovery from the Debtors to prove their claims against the Non-Debtor Affiliates, and in turn the Non-Debtor Affiliates would have to obtain discovery from the Debtors to defend against these claims. As the discovery to date has shown, the document and deposition discovery that would be sought from the Debtors is massive, particularly because the Debtors have possession and control of virtually all of the relevant documents. *See supra* at pp. 14-16, 26-32. The Debtors' personnel who would be critical to responding to that discovery are also instrumental in the Debtors' restructuring efforts. *See supra* at 29-31. That discovery would constitute an enormous burden, distract key personnel, and ultimately frustrate or jeopardize the Debtors' efforts to restructure.

Courts have found that debtors would suffer irreparable harm where the failure to stay an action against a non-debtor would result in significant discovery obligations on the debtors that would frustrate their efforts to restructure successfully. *See In re Johns-Manville*, 26 B.R. at 426 (finding litigation demands "could frustrate" the debtors' "vital efforts at formulating a fair and equitable plan of reorganization"); *id.* at 429-30; *In re Calpine Corp.*, 365 B.R. at 412 (finding that the debtors "would suffer irreparable harm if [a key restructuring employee] were distracted from his responsibilities in order to participate in the Nevada Power litigation"); *Haw.*

Structural, 2006 WL 3755175, at *5 (affirming extension of stay to halt claims against non-debtors where "the logistical stress on Calpine from attempting to simultaneously undertake a massive reorganization while monitoring and producing documents in the State Court Action threatened to irreparably impair the company's reorganization process"); *In re Lomas Fin. Corp.*, 117 B.R. at 67 (upholding extension of automatic stay where "key personnel would be distracted from participating in the reorganization process").

B. There Is A Reasonable Likelihood The Debtors Will Successfully Restructure.

This Court has held that there is a reasonable likelihood of a successful reorganization where "the Debtors are proceeding on track, and there is no reason to believe or suspect that their reorganization will fail—unless, of course, the acts sought to be enjoined cause it to fail." *In re Lyondell Chem.*, 402 B.R. at 590. In evaluating this factor "in the earliest weeks" of the complex reorganization of Lyondell Chemical Company, this Court found that "the Debtors have so far been successful in doing everything they've needed to do to date," and because they "have met the challenges they have faced so far, that is sufficient." *Id.*

The Debtors here are similarly "proceeding on track" toward a successful restructuring. Despite the challenges and complexities of restructuring one of the largest mortgage servicers in the country, the Debtors already have made considerable progress. They have reached an agreement to sell their mortgage origination and servicing businesses to Nationstar Mortgage LLC. (*See* Whitlinger Decl. ¶ 7.) They have reached a separate agreement to sell their legacy portfolio, consisting mainly of mortgage loans and other residual financial assets, to Ally Financial. (*See id.*) And they have secured debtor-in-possession financing, and other interim relief from this Court. (*See id.* ¶¶ 8-10.)

Further, the Debtors have reached a number of valuable agreements with constituents to support the Debtors' restructuring plan. (*See id.* ¶¶ 8-9.) Holders of 37% the Debtors' junior secured notes have agreed to support the Debtors' restructuring plan, as has Non-Debtor Affiliate Ally Financial. (*See id.* ¶ 8.) The Debtors have also entered into a settlement agreement with numerous institutional investors to resolve certain claims against the Debtors, including representation and warranty claims, and to support confirmation of the Debtors' restructuring plan that includes releases of claims against the Non-Debtor Corporate Affiliates. (*See id.* ¶ 9.) Those investors hold more than 25% of at least one class in 293 securitizations with an aggregate original principal balance of approximately $164 billion. (*See id.*)

In light of this support and relief obtained from the Court, the Debtors are "proceeding on track and have met the challenges they have faced" thus far, so there is a reasonable likelihood they will successfully restructure. *See In re Lyondell Chem.*, 402 B.R. at 590.

C. The Balance Of Harms Favors An Injunction.

The balance of harms weighs in favor of issuing an injunction. As set forth above, the harm to the Debtors would be irreparable if this Court does not enjoin the MBS Actions against the Non-Debtor Affiliates. The Debtors would face a significant risk of rulings that would be used against them; the estate's resources would be depleted; and the Debtors efforts to restructure would be frustrated or thwarted.

By contrast, there would be only *de minimis* harm to the plaintiffs if the MBS Actions are enjoined. The MBS Actions are in the early stages of litigation. Motions to dismiss either have not been filed or are still pending in twenty-two of the lawsuits, and discovery has only commenced in a few lawsuits. And even if an injunction were to delay a final decision on the merits in any of the MBS Actions, mere delay is insufficient to overcome the potential harm to the Debtors: "The inability of [the defendant] to obtain a hypothetical recovery sooner … is not a

harm—and is certainly not an irreparable harm sufficient to outweigh the irreparable harm that [the debtors] will suffer if the … litigation were permitted to proceed." *In re Calpine Corp.*, 365 B.R. at 413; *accord In re Am. Film Techs.*, 175 B.R. at 849 (same); *In re Johns-Manville Corp.*, 26 B.R. at 430-31. The risk of irreparable injury to the Debtors weighs in favor of an injunction.

D. An Injunction Serves The Public Interest.

The public interest is served by issuing an injunction. As this Court has recognized, "in the context of bankruptcy proceedings, the 'public interest' element means the promotion of a successful reorganization." *In re OMC, Inc.*, 2010 WL 4026097, at *5 (Bankr. S.D.N.Y. Oct. 13, 2010) (quoting *In re Am. Film Techs.*, 175 B.R. at 849); *accord In re Calpine Corp.*, 365 B.R. at 413; *Haw. Structural*, 2006 WL 3755175, at *6.

Enjoining the MBS Actions against the Non-Debtor Affiliates to avoid irreparable harm to the Debtors and allow them to restructure successfully is a far greater public interest than allowing the plaintiffs to continue pursuing claims—based on theories of derivative liability—against the Non-Debtor Affiliates that are indisputably in the earliest stages of litigation. *See Haw. Structural*, 2006 WL 3755175, at *4 ("If an action against a non-debtor would frustrate the goal of debtor reorganization, section 105(a) provides the statutory authority for an injunction staying the action against the non-debtor."); *In re Adelphia Commc'ns*, 298 B.R. at 54 ("It is well settled that bankruptcy courts, under [Section 105], may extend the automatic stay to enjoin suits by third parties against third parties if they threaten to thwart or frustrate the debtor's reorganization efforts.").

CONCLUSION

For the foregoing reasons, the Debtors respectfully request that this Court enter an order extending the automatic stay to stay the continued prosecution of the MBS Actions (as set forth on Appendix A to this Motion) as against the Non-Debtor Affiliates pursuant to Section 362, or

in the alternative issuing an injunction to enjoin the continuation of those lawsuits as against the Non-Debtor Affiliates pursuant to Section 105, until the effective date of a restructuring plan in these Chapter 11 cases, and grant such other and further relief as this Court deems just and proper.

Dated: May 25, 2012
New York, New York

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EXHIBIT G

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

SEALINK FUNDING LIMITED,

Plaintiff,

v.

DEUTSCHE BANK AG; DEUTSCHE BANK SECURITIES, INC.; DB STRUCTURED PRODUCTS INC.; ACE SECURITIES CORP.; and DEUTSCHE ALT-A SECURITIES INC.,

Defendants.

Index No. 652174/2012

AMENDED COMPLAINT

JURY TRIAL DEMANDED

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Plaintiff Sealink Funding Limited ("Sealink" or "Plaintiff") hereby brings this amended complaint for common law fraud, fraudulent inducement, and aiding and abetting fraud (the "Complaint") against Deutsche Bank AG, Deutsche Bank Securities, Inc., ACE Securities Corp., Deutsche Alt-A Securities, Inc. and DB Structured Products, Inc. (collectively, "Deutsche Bank" or "Defendants").[1]

I. PRELIMINARY STATEMENT

1. This action concerns an egregious fraud perpetrated by Deutsche Bank against Sealink's assignors (certain special-purpose vehicles or "SPVs"). For more than two years, Deutsche Bank created, issued, and sold residential mortgage-backed securities ("RMBS") that it internally disparaged as ***"pigs"*** and ***"crap"*** from loans that it knew to be of exceptionally poor quality while, at the same time, giving the false impression and making false statements asserting that the RMBS were prudent, investment grade (primarily triple-A) securities. Deutsche Bank's singularly negative view of these loans and the RMBS they backed led it, starting as early as 2005, to bet against the U.S. housing market, ultimately developing a ***$10 billion "short" position*** that paid off when the same loans backing the RMBS it sold to the SPVs and other investors failed.

2. Unaware that Deutsche Bank secretly viewed the RMBS it sold as ***"generally horrible"*** and was betting with its own capital that they would fail, the SPVs invested in these securities in reliance on Deutsche Bank's representations that it had conducted due diligence on the mortgage lenders whose loans backed the RMBS, and that those mortgages were originated according to specific underwriting guidelines and were collateralized by properties that had been professionally appraised at non-inflated fair market values. Those representations and the

[1] Throughout the Complaint, emphasis in quotations has been added, unless otherwise indicated. "¶__" refers to the corresponding paragraph(s) in this Complaint.

investment grade ratings the RMBS carried led the SPVs to believe that the RMBS they purchased from Deutsche Bank were safe and conservative investments.

3. As detailed below at ¶¶32, 35-40, Sealink is an assignee asserting the claims of SPVs that purchased approximately $960 million in Deutsche Bank's RMBS (the "Deutsche Bank RMBS") in 19 offerings pursuant to 28 certificates in 2006 and 2007 (the "Certificates") in reliance on registration statements, prospectuses, draft prospectus supplements, prospectus supplements and term sheets (the "Offering Materials") prepared by and provided to them, directly or indirectly, by Deutsche Bank. Deutsche Bank underwrote each of these offerings and played an even greater role, controlling the depositor and sponsor, for 14 of these offerings. The Offering Materials contained numerous representations about the purportedly conservative mortgage underwriting standards applied by the mortgage originators, the appraisals of the mortgaged properties, and other facts regarding the collateral underlying the Deutsche Bank RMBS that were material to the SPVs' investment decisions.

4. The SPVs' decisions to invest in the Certificates were based, in substantial part, on Deutsche Bank's role as a principal and/or underwriter in the securitization process. In connection with transactions in which Deutsche Bank acted as the sponsor and depositor (as well as an underwriter) of an RMBS (referred to herein as "principal securitizations"), Deutsche Bank both originated mortgage loans through affiliates and purchased mortgage loans from other loan originators. Deutsche Bank would then securitize those loans into the RMBS purchased by investors, such as the SPVs. For principal securitizations, Deutsche Bank represented to investors, including the SPVs, that it had conducted due diligence on the mortgage originators and their loan underwriting guidelines before purchasing any mortgage loan for securitization. For "non-principal securitizations" (*i.e.*, securitizations where Deutsche

Bank was the underwriter), Deutsche Bank similarly conducted due diligence on the loans that the sponsor and depositor had securitized. In both scenarios, Deutsche Bank provided the SPVs with substantial assurance that: (i) the loans backing its RMBS investments conformed to the stated underwriting standards employed by those originators; (ii) the appraisal values and other characteristics of the underlying mortgages were valid, accurate, and not inflated; (iii) the Certificates were deserving of the triple-A and otherwise investment grade ratings they had been assigned; and (iv) the quality of the RMBS as represented in the Offering Materials matched Deutsche Bank's high-quality reputation as an issuer and/or underwriter.

5. For all of the securitizations at issue in this Complaint, defendant Deutsche Bank Securities, Inc. ("DBSI"), as underwriter, had access to material, non-public information about: (1) the loan selection and securitization practices of the sponsors; (2) the origination and underwriting practices of the loan originators; and (3) the quality of the loan pools, including credit and compliance due diligence results, detailed borrower information, and the underlying loan files. With this unique and special knowledge, Deutsche Bank reviewed the draft Offering Materials for each of the Certificates at issue, which described the quality of the loans included in the securitizations and the riskiness of each of the Certificates, before the Offering Materials were distributed to the SPVs. The Offering Materials, relied on by the SPVs, did not reflect what Deutsche Bank knew (or recklessly disregarded) regarding the true characteristics of the SPVs' investments.

6. In truth, and as the SPVs and the world would only later discover, the originators of the underlying mortgage loans that collateralized the Deutsche Bank RMBS purchased by the SPVs were among the worst culprits in the subprime lending industry. In addition to Deutsche Bank's own loan originator, MortgageIT, these infamous originators included American Home

Mortgage ("American Home"), Countrywide Home Loans ("Countrywide"), NovaStar Mortgage Inc. ("NovaStar"), WMC Mortgage ("WMC"), GMAC Mortgage ("GMAC"), and Homecomings Financial ("Homecomings"). All of these originators are, or have been, the subject of numerous governmental investigations and private lawsuits alleging misconduct arising out of pervasive illegal and improper mortgage lending practices and other violations of law. MortgageIT, for example, was the subject of a lawsuit filed by the United States on May 3, 2011 that detailed egregious problems in underwriting and quality control at MortgageIT as well as Deutsche Bank's consistent failure to address these issues. On May 10, 2012, Deutsche Bank agreed to pay $202.3 million to settle these claims and admitted that it knew that MortgageIT was not complying with government regulations and submitting false annual certifications.

7. Deutsche Bank knew or recklessly disregarded that these loan originators, including MortgageIT, were issuing high-risk loans that did not conform to their respective underwriting standards. For example, Deutsche Bank conducted extensive due diligence on the loans it purchased, which included retaining independent third-party due diligence providers—notably Clayton Holdings, Inc. ("Clayton") and a division of Lydian Data Services ("Lydian")—to conduct a "re-underwriting review" of significant samples of the loans defendant DB Structured Products ("DBSP") had purchased (or intended to purchase) from the various loan originators. As a result of Clayton's and Lydian's due diligence, Deutsche Bank's own independent due diligence, and Deutsche Bank's close relationships with the mortgage loan originators, Deutsche Bank learned that the originators from whom it was purchasing the underlying mortgages were routinely and flagrantly: (a) disregarding their own underwriting guidelines; (b) lending money to borrowers based on wildly inflated appraisal values; and (c)

otherwise manipulating the mortgage underwriting process in order to issue loans to borrowers who had no plausible means to repay them. Both the president of Clayton and the head of Deutsche Bank's own RMBS due diligence arm testified under oath as to how the nature and extent of the loan originators' violations of their own lending standards had been identified and brought to the attention of Deutsche Bank as a result of Deutsche Bank's (and its agents') due diligence.

8. Similarly, Clayton and Lydian conducted due diligence on the loans backing the non-principal securitizations that defendant DBSI underwrote, and Deutsche Bank thereby acquired similarly pointed knowledge as to the true quality of the loans backing the RMBS in those securitizations. For example, through its roles as a sponsor and underwriter of principal securitizations, Deutsche Bank ***knew*** (or at least recklessly disregarded) that over ***one-third*** of the loans that it evaluated for purchase and securitization at the height of the mortgage boom (from 2006 through mid-2007) patently failed to meet the originators' own underwriting guidelines.

9. Notwithstanding this knowledge, however, between January 2006 and June 2007, Deutsche Bank purchased and securitized ***half*** of the sampled loans that Clayton determined were not in compliance with the originators' underwriting guidelines, and underwrote RMBS of similarly toxic quality issued by other financial institutions. Defendants DBSI and DBSP, as underwriter and sponsor, respectively, then sold the resulting RMBS to investors, including to the SPVs. Deutsche Bank's sale of such RMBS to investors was fraudulent. Deutsche Bank ***knew*** from (a) Clayton's and Lydian's re-underwriting determinations, (b) Deutsche Bank's own due diligence, and (c) Deutsche Bank's other close financial relationships with the mortgage loan originators, that the loan pools from which these

RMBS were created were riddled with defective and toxic mortgage loans, all of which were the product of systematically deficient mortgage underwriting practices. This knowledge rendered Deutsche Bank's representations in the Offering Materials, concerning the nature and quality of these RMBS, patently false and misleading.

10. Rather than disclose the true nature and quality of the RMBS Deutsche Bank sold to the SPVs, senior traders at Deutsche Bank, with the blessing of senior management, exploited this insight to devise a strategy to profit from the RMBS's eventual default. Indeed, as detailed by the Senate Permanent Subcommittee on Investigations ("Senate Subcommittee") in its April 13, 2011 report "Wall Street and the Financial Crisis: Anatomy of a Financial Collapse" (the "Senate Report"), Deutsche Bank senior traders internally and secretly belittled the Deutsche Bank RMBS and the originators who originated the loans backing the Deutsche Bank RMBS, calling them "***crap***," "***pigs***," and "***generally horrible.***" To profit from these securities' expected failure, traders at Deutsche Bank developed and took positions in collateralized debt obligations ("CDOs") and credit default swaps ("CDSs"), complex investment vehicles that were created to bet on the values of (and in some cases, minimize Deutsche Bank's own exposure to) RMBS such as those it was creating and selling to investors like the SPVs. In fact, Deutsche Bank was one of two leaders of a consortium of banks that developed an index to track the performance of a group of RMBS. This index enabled Deutsche Bank traders to place such bets in the first place.

11. Deutsche Bank's prominent head of non-agency RMBS, ABS and CDO trading, Greg Lippmann, played a central role in helping Deutsche Bank execute its shorting CDO strategy. Beginning in 2005, Lippmann repeatedly derided the very RMBS that Deutsche Bank itself had created, marketed and sold. Indeed, Deutsche Bank went to great lengths to keep its

traders' views of the subprime RMBS that Deutsche Bank sold to investors like the SPVs – and Deutsche Bank's strategy to profit from their collapse – a secret. As reflected in the Senate Report, Deutsche Bank concealed that strategy because it was unwilling to sacrifice the profits it was making from its "new issue and the customer franchise" business—*i.e.*, the money it was making by securitizing and selling RMBS to investors:

> One of Mr. Lippmann's top traders, Rocky Kurita, put it this way in a May 12, 2005 email: "***[W]e have to make money***. ***Customer happiness is a secondary goal but we cannot lose sight of the trading desk[']s other role of supporting new issue and the customer franchise***." In a February 1, 2007 email to a client, Mr. Lippmann wrote: "***[P]lease please do not forward these emails outside of your firm. … I do not want to be blamed by the new issue people for destroying their business***."

12. Deutsche Bank was so confident in its strategy to profit off of the collapse of RMBS like those it sold to the SPVs, that Lippmann, for example, bragged in an email to a hedge fund investor in November 2005 that "he was short 1 billion dollars of this stuff and was going to make 'oceans' of money," causing the recipient of that email to worry that Lippmann's "exuberance was a little scary." By the end of 2007, Deutsche Bank's "short" position had grown to $10 billion, and was costing Deutsche Bank approximately $100 million per year to maintain, evidencing Deutsche Bank's faith in the ultimate profitability of this strategy.

13. Deutsche Bank not only concealed from the SPVs the truth about the poor quality of the securitized loans and the fact that it was simultaneously betting that those loans would fail, but also knowingly provided false information to credit rating agencies in order to secure the highest possible (but false) ratings for its RMBS. Deutsche Bank also exploited its powerful influence over the rating agencies to obtain inflated triple-A and investment grade ratings. As a result of these practices, Deutsche Bank knew that the ratings assigned to its securitizations did not reflect the true credit quality of the Certificates the SPVs purchased.

14. Deutsche Bank's misconduct (including its misrepresentations in the Offering Materials and its failure to alert investors to the poor quality of the loans that Deutsche Bank aggressively stuffed into its RMBS) has resulted in astounding rates of default on the loans underlying the Deutsche Bank RMBS and massive downgrades of the Certificates, which are all now considered "junk" by at least one ratings agency. As of September 2012, on average, ***over 39%*** of the principal balance of the mortgage loans underlying the Certificates were over 60 days delinquent, in foreclosure, bankruptcy or repossession as reflected by the chart below. This figure does not include the substantial losses suffered by the SPVs since the issuance of the Deutsche Bank RMBS due to foreclosures and defaults, and the removal of those failed mortgage loans from the current loan pool and current delinquency figures. Indeed, had such mortgage loans remained in the securitizations, the average (and serious) delinquency rates would have been substantially higher.

Collateral Performance of Securities Underwritten by Deutsche Bank
Serious Delinquencies (= 60 Day + 90 Day + Real Estate Owned + Foreclosure + Bankruptcy)[2]

#	Offering	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.	Sept. 2012
1	ACE 2007-ASAP1	27.55	33.48	37.02	30.10	25.76	25.83
2	ACE 2007-ASAP2	23.08	33.11	35.52	34.83	33.22	32.34
3	ACE 2007-WM1	30.42	62.87	73.94	73.31	68.76	67.12
4	DBALT 2006-AR4	7.92	24.65	39.78	42.18	38.01	35.06
5	DBALT 2006-AR6	11.17	29.76	43.41	46.75	44.15	41.68
6	DBALT 2007-1	14.37	32.93	38.87	37.08	38.49	37.31
7	DBALT 2007-AR1	11.55	34.54	54.84	56.18	56.53	53.24
8	DBALT 2007-AR2	13.85	36.49	52.86	57.13	52.72	50.51
9	DBALT 2007-BAR1	18.21	37.33	47.95	45.99	44.36	44.27
10	DBALT 2007-OA1	9.18	34.82	47.53	44.54	44.00	44.25
11	DBALT 2007-OA2	7.49	32.74	46.09	43.22	43.68	43.99
12	DBALT 2007-OA4	8.90	32.63	45.28	47.58	50.21	48.53
13	DMSI 2006-PR1	2.59	5.30	10.29	13.87	17.07	17.00
14	INDX 2006-AR27	5.21	19.66	32.03	31.83	31.86	25.67

[2] Real Estate Owned Properties ("REO") are properties owned by a bank after an unsuccessful foreclosure auction.

15	MHL 2007-1	19.88	37.22	42.06	36.24	36.35	36.24
16	NHEL 2007-1	27.90	52.82	59.35	49.22	47.90	45.82
17	PHHAM 2007-2	5.17	17.31	25.22	24.47	24.55	22.91
18	RALI 2007-QO2	11.60	36.77	52.86	49.01	43.32	45.50
19	RAMP 2007-RS1	21.09	34.89	37.62	34.37	33.29	33.18
	Averages	**14.59**	**33.12**	**43.29**	**41.99**	**40.75**	**39.50**

II. JURISDICTION AND VENUE

15. Jurisdiction is proper because most Defendants are domiciled in New York, as detailed below; each Defendant transacts business within the State of New York within the meaning of CPLR § 302(a)(1); and each of them committed a tortious act inside the State of New York or outside the State of New York causing injury within the State of New York within the meaning of CPLR §§ 302(a)(2) and 302(a)(3). The amount in controversy exceeds $150,000.

16. Venue is proper in this Court because most Defendants maintain their principal places of business in New York County, as detailed below.

III. THE PARTIES

A. Plaintiff Sealink

17. Plaintiff Sealink Funding Limited is a company incorporated under the laws of Ireland that maintains offices in Dublin, Ireland at First Floor, 7 Exchange Place IFSC. Sealink is a special purpose vehicle that was established to receive, hold and manage toxic RMBS assets, including the Certificates. The Certificates were initially purchased by certain other special purpose vehicles incorporated under the laws of Ireland. As further detailed below, Sealink is the exclusive assignee of the claims asserted in this Complaint. Sealink has the right to sue and collect damages on the Certificates.

B. Non-Party SPVs

18. Landesbank Sachsen Girozentrale ("Sachsen LB") was a German bank founded in 1992. In 1999, Sachsen LB created Sachsen LB Europe Plc, ("Sachsen Europe"), a public

limited company incorporated under the laws of Ireland. Sachsen Europe was a wholly-owned subsidiary of Sachsen LB and maintained its principal place of business at Ninth Floor, Block A, 1 George's Quay, Dublin 2, Ireland. Sachsen Europe's primary business purpose was managing the purchase of asset-backed securities, including RMBS. To facilitate this business purpose, Sachsen Europe was involved in creating and managing numerous special purpose vehicles, including:

a. In 2004, Sachsen Europe was involved in creating Ormond Quay Funding Plc ("Ormond Quay"), a company incorporated under the laws of Ireland, whose registered office was at Fourth Floor, Hanover Building, Windmill Lane, Dublin 2, Ireland;

b. In 2004, Sachsen Europe was involved in creating Eden Quay Asset Management Ltd., ("Eden Quay"), a special purpose vehicle incorporated under the laws of Ireland, whose registered office was at BDO Simpson Xavier, Beaux Lane House, Mercer Street, Lower Dublin 2, Ireland;

c. In 2004, Sachsen Europe was involved in creating Ellis Quay Asset Management Ltd., ("Ellis Quay"), a special purpose vehicle incorporated under the laws of Ireland, whose registered office was at BDO Simpson Xavier, Beaux Lane House, Mercer Street, Lower Dublin 2, Ireland;

d. In 2004, Sachsen Europe was involved in creating Merchants Quay Asset Management Ltd., ("Merchants Quay"), a special purpose vehicle incorporated under the laws of Ireland, whose registered office was at BDO Simpson Xavier, Beaux Lane House, Mercer Street, Lower Dublin 2, Ireland; and

e. In 2006-2007, Sachsen Europe was involved in creating Sachsen Funding I Ltd., ("Sachsen Funding"), a company incorporated under the laws of Ireland, whose registered office was at Fifth Floor, 75 St. Stephen's Green, Dublin 2, Ireland. In 2006, Sachsen Europe established a warehouse facility with Barclays Capital ("Barclays") through which the Sachsen Funding RMBS were purchased.

19. Ormond Quay, Eden Quay, Ellis Quay, Merchants Quay, and Sachsen Funding are hereinafter collectively referred to as the "Irish SPVs." The primary business purpose of the Irish SPVs was to purchase asset-backed securities, including the supposedly high-quality, lowest risk tranches (*i.e.*, AAA-rated) of RMBS offerings. The Irish SPVs accomplished this objective by issuing commercial paper or refinancing via repo transactions. The Irish SPVs were the initial purchasers of the Certificates at issue.

20. The Irish SPVs did not have employees. Rather, pursuant to agency agreements designating Sachsen Europe as the Irish SPVs' asset manager, Sachsen Europe employed traders, analysts, and other employees who conducted all operational activities of the Irish SPVs, including the trading of asset-backed securities, portfolio management, credit analysis, and valuation. At all relevant times, all operational activities, including the purchase of the Certificates, were conducted at Sachsen Europe's principal place of business in Dublin, Ireland.

21. On December 21, 2006, Sachsen Europe entered into an agreement with Barclays to serve as its "sole financial arranger" and "placement agent" in connection with "the structuring and issuance of a proposed SIV-Lite transaction," *i.e.*, Sachsen Funding (the "Warehouse Agreement"). Pursuant to the Warehouse Agreement, Barclays agreed to warehouse the assets in preparation for the launch of the transaction (Sachsen Funding starting to

issue commercial paper). Sachsen Europe made all of the purchase decisions with respect to the Certificates purchased in the warehouse, including performing credit analyses and valuations. On or about June 5, 2007, Sachsen Funding was prepared to issue commercial paper and the RMBS in the warehouse were transferred to Sachsen Funding.

22. In 2007, Sachsen Europe was involved in creating Castleview Asset Management Ltd., ("Castleview 1"), a special purpose vehicle incorporated under the laws of the Cayman Islands. Castleview 1's registered office was at P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands.

23. In 2007, Sachsen Europe was involved in creating Castleview Asset Management Ltd., ("Castleview 2"), a special purpose vehicle incorporated under the laws of the Cayman Islands. Castleview 2's registered office was at P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands.

24. In 2008, Sachsen Europe was involved in Castleview Management Ltd., ("Castleview 3"), a special purpose vehicle incorporated under the laws of the Cayman Islands. Castleview 3's registered office was at P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands.

25. Castleview 1, Castleview 2, and Castleview 3 are collectively referred to herein as the "Cayman SPVs." Sachsen Europe also acted as the sole asset manager for the Cayman SPVs. The Irish SPVs and the Cayman SPVs are collectively referred to as the "SPVs." Each SPV contained a unique portfolio of RMBS, all of which were analyzed, purchased, transferred, and allocated at the direction of Sachsen Europe.

C. Defendants

26. Defendant Deutsche Bank AG ("DBAG") is a German corporation with its principal place of business in Frankfurt, Germany. Defendant DBAG is a global financial

services provider delivering investment, financial, and related products and services. Defendant DBAG's common stock trades on the New York Stock Exchange under the ticker symbol "DB."

27. Defendant Deutsche Bank Securities, Inc. ("DBSI") is an SEC registered broker-dealer incorporated in Delaware and based in New York, New York. Defendant DBSI is a subsidiary of Taunus Corporation, which is a subsidiary of Defendant DBAG. DBSI identifies defendant DBAG as a foreign bank that "controls the firm" and the "ultimate parent" of DBSI, and "direct[s] the management or policies" of DBSI in its public reports with the Financial Industry Regulatory Authority. Defendant DBSI underwrote all of the RMBS at issue here.

28. Defendant DB Structured Products, Inc. ("DBSP") is a Delaware corporation with its principal place of business in New York, New York. Defendant DBSP acquired the mortgage loans from the originators and served as the sponsor for the following RMBS purchased by the Irish SPVs: ACE 2007-ASAP1, ACE 2007-ASAP2, ACE 2007-WM1, DBALT 2006-AR4, DBALT 2006-AR6, DBALT 2007-1, DBALT 2007-AR1, DBALT 2007-AR2, DBALT 2007-BAR1, DBALT 2007-OA1, DBALT 2007-OA2, DBALT 2007-OA4, DMSI 2006-PR1, and MHL 2007-1.

29. Defendant ACE Securities Corp. ("ACE Securities") is a Delaware corporation formed by DBSI, with its principal place of business in Charlotte, North Carolina. Defendant ACE Securities served as the depositor and issuer for the following RMBS purchased by the Irish SPVs: ACE 2007-ASAP1, ACE 2007-ASAP2, ACE 2007-WM1, DBALT 2007-1, and DBALT 2007-OA4.

30. Defendant Deutsche Alt-A Securities, Inc. ("Deutsche Alt-A") is a Delaware corporation with its principal place of business in New York, New York. Defendant Deutsche Alt-A is a wholly owned subsidiary of defendant DBSP, and served as the depositor and issuer

for the following RMBS purchased by the Irish SPVs: DBALT 2006-AR4, DBALT 2006-AR6, DBALT 2007-AR1, DBALT 2007-AR2, DBALT 2007-BAR1, DBALT 2007-OA1, DBALT 2007-OA2, and PHHAM 2007-2.

31. The Defendants identified in ¶¶26-30 above are collectively referred to as "Deutsche Bank" or "Defendants."

IV. THE CERTIFICATES AT ISSUE

32. Between 2006 and 2007, the Irish SPVs purchased approximately €18.3 billion in RMBS. Among those purchased were the approximately $960 million in Certificates at issue here. The table below details the initial SPV that purchased each Certificate, any subsequent transfer or reallocations to another SPV and the date the Certificate was sold to Sealink:

CUSIP	Offering & Tranche	Initial Purchaser	Face Amount Purchased	Purchase Date	Subsq. SPV	Date of Subseq. Allocat.	Date of Assignment to Sealink
00442JAC8	ACE 2007-ASAP1 A2B	Ellis Quay	$25,000,000	Purchased on the Offering	Castleview II	1/18/08	6/12/08
00442JAE4	ACE 2007-ASAP1 A2D	Sachsen Funding WH	$27,000,000	Purchased on the Offering	Sachsen Funding	6/5/07	6/12/08
00442UAC3	ACE 2007-ASAP2 A2B	Eden Quay	$12,229,000	Purchased on the Offering	Castleview III	2/27/08	6/10/08
004424AD9	ACE 2007-WM1 A2C	Ormond Quay	$17,000,000	Purchased on the Offering	Castleview I Castleview II	12/19/07 1/24/08	6/12/08
25150PAB5	DBALT 2006-AR4 A2	Ormond Quay	$53,000,000	Purchased on the Offering	Ellis Quay Castleview II	9/4/07 1/18/08	6/12/08
25150RAF2	DBALT 2006-AR6 A6	Merchants Quay	$49,000,000	Purchased on the Offering	Castleview II	1/16/08	6/12/08
25150RAH8	DBALT 2006-AR6 A8	Ormond Quay	$49,073,000	Purchased on the Offering	Sachsen Funding WH Sachsen Funding	2/16/07 6/1/07	6/12/08
25151YAB5	DBALT 2007-1 1A2	Eden Quay	$25,000,000	Purchased on the Offering	Castleview III	2/27/08	6/10/08
25151YAE9	DBALT 2007-1 1A3C	Eden Quay	$20,439,000	Purchased on the Offering	Castleview III	2/27/08	6/10/08

25151RAG9	DBALT 2007-AR1 A5	Sachsen Funding WH	$31,388,000	Purchased on the Offering	Sachsen Funding	6/5/07	6/12/08
25151RAH7	DBALT 2007-AR1 A6	Sachsen Funding WH	$17,637,000	Purchased on the Offering	Sachsen Funding	6/5/07	6/12/08
25151UAB3	DBALT 2007-AR2 A2	Ormond Quay	$37,005,000	Purchased on the Offering	Ellis Quay Castleview II	9/4/07 1/18/08	6/12/08
25151TAC4	DBALT 2007-BAR1 A3	Ormond Quay	$60,000,000	Purchased on the Offering	Castleview II	2/18/08	6/12/08
25151TAD2	DBALT 2007-BAR1 A4	Sachsen Funding WH	$25,000,000	Purchased on the Offering	Sachsen Funding	6/5/07	6/12/08
25151TAE0	DBALT 2007-BAR1 A5	Sachsen Funding WH	$25,000,000	Purchased on the Offering	Sachsen Funding	6/5/07	6/12/08
25151VAC9	DBALT 2007-OA1 A3	Sachsen Funding WH	$10,062,500	Purchased on the Offering	Sachsen Funding	6/5/07	6/12/08
25151VAD7	DBALT 2007-OA1 M1	Sachsen Funding WH	$7,470,000	Purchased on the Offering	Sachsen Funding	6/5/07	6/12/08
25151VAE5	DBALT 2007-OA1 M2	Sachsen Funding WH	$7,030,000	Purchased on the Offering	Sachsen Funding	6/5/07	6/12/08
25150UAC2	DBALT 2007-OA2 A3	Sachsen Funding WH	$35,000,000	Purchased on the Offering	Sachsen Funding	6/1/07	6/12/08
25151XAF8	DBALT 2007-OA4 A2A	Eden Quay	$96,634,000	Purchased on the Offering	Castleview II	1/18/08	6/12/08
25157GBD3	DMSI 2006-PR1 5AF4	Ormond Quay	$56,754,878	Purchased on the Offering	Sachsen Funding WH Sachsen Funding	2/16/07 5/31/07	6/12/08
45661LAD0	INDX 2006-AR27 1A4	Ormond Quay	$60,000,000	Purchased on the Offering	Ellis Quay Castleview II	9/4/07 1/18/08	6/12/08
61915YAB7	MHL 2007-1 2A11	Eden Quay	$50,000,000	Purchased on the Offering	Castleview III	2/27/08	6/10/08
669971AD5	NHEL 2007-1 A2C	Ormond Quay	$40,000,000	Purchased on the Offering	Castleview I	12/19/07	6/11/08
69337HAB7	PHHAM 2007-2 1A2	Sachsen Funding WH	$30,000,000	Purchased on the Offering	Sachsen Funding	6/5/07	6/12/08
75116AAC4	RALI 2007-QO2 A3	Sachsen Funding WH	$9,763,000	Purchased on the Offering	Sachsen Funding	6/5/07	6/12/08

74923RAC3	RAMP 2007-RS1 A3	Ormond Quay	$50,000,000	Purchased on the Offering	Castleview I	12/20/07	6/11/08
74923RAD1	RAMP 2007-RS1 A4	Sachsen Funding WH	$35,287,000	Purchased on the Offering	Sachsen Funding	6/1/07	6/12/08

33. For each of these purchases, employees at Sachsen Europe, on behalf of the Irish SPVs, reviewed and analyzed the Offering Materials and other data and information Defendants provided to them, placed trade orders, received trade confirmations, and ensured that the trade was properly executed. The RMBS were initially allocated based on a particular SPV or portfolio's profile. Often, RMBS were later re-allocated or transferred among SPVs or portfolios in order to optimize the SPV or portfolio's profile. All transfers between the SPVs' portfolios were made at the direction of Sachsen Europe.

34. The Irish SPVs' and Sachsen Europe's investment guidelines limited investment to high-quality RMBS with regional and structural diversification. As detailed in the table immediately below, the Certificates here were virtually all rated "AAA/Aaa" at the time of issuance:

#	Offering & Tranche	CUSIP	Original Expenditure	Top Originators	Original		Current	
					Moody's	S&P	Moody's	S&P
1	ACE 2007-ASAP1 A2B	00442JAC8	$25,000,000	DB Structured Products	Aaa	AAA	Ca	CCC
2	ACE 2007-ASAP1 A2D	00442JAE4	$27,000,000	DB Structured Products	Aaa	AAA	Ca	CCC
3	ACE 2007-ASAP2 A2B	00442UAC3	$12,229,000	DB Structured Products	Aaa	AAA	Ca	CCC
4	ACE 2007-WM1 A2C	004424AD9	$17,000,000	WMC	Aaa	AAA	Ca	CCC
5	DBALT 2006-AR4 A2	25150PAB5	$53,000,000	Countrywide MortgageIT GreenPoint	Aaa	AAA	Caa3	CCC
6	DBALT 2006-AR6 A6	25150RAF2	$49,000,000	MortgageIT Countrywide	Aaa	AAA	Caa3	CCC
7	DBALT 2006-AR6 A8	25150RAH8	$49,073,000	MortgageIT Countrywide	Aaa	AAA	C	D
8	DBALT 2007-1 1A2	25151YAB5	$25,000,000	Countrywide National City	Aaa	AAA	B2	D

#	Offering & Tranche	CUSIP	Original Expenditure	Top Originators	Original		Current	
					Moody's	S&P	Moody's	S&P
9	DBALT 2007-1 1A3C	25151YAE9	$20,439,000	Countrywide National City	Aaa	AAA	Caa3	D
10	DBALT 2007-AR1 A5	25151RAG9	$31,388,000	MortgageIT American Home IndyMac	Aaa	AAA	C	D
11	DBALT 2007-AR1 A6	25151RAH7	$17,637,000	MortgageIT American Home IndyMac	Aaa	AAA	C	D
12	DBALT 2007-AR2 A2	25151UAB3	$37,005,000	American Home MortgageIT	Aaa	AAA	C	D
13	DBALT 2007-BAR1 A3	25151TAC4	$60,000,000	American Home IndyMac DHI Mortgage	Aaa	AAA	Caa3	CCC
14	DBALT 2007-BAR1 A4	25151TAD2	$25,000,000	American Home IndyMac DHI Mortgage	Aaa	AAA	C	CCC
15	DBALT 2007-BAR1 A5	25151TAE0	$25,000,000	American Home IndyMac DHI Mortgage	Aaa	AAA	WR	D
16	DBALT 2007-OA1 A3	25151VAC9	$10,062,500	Residential Funding Countrywide	Aaa	AAA	C	D
17	DBALT 2007-OA1 M1	25151VAD7	$7,470,000	Residential Funding Countrywide	Aaa	AA+	C	D
18	DBALT 2007-OA1 M2	25151VAE5	$7,030,000	Residential Funding Countrywide	Aa1	AA	C	D
19	DBALT 2007-OA2 A3	25150UAC2	$35,000,000	IndyMac Impac	Aaa	AAA	C	D
20	DBALT 2007-OA4 A2A	25151XAF8	$96,634,000	Countrywide	Aaa	AAA	C	CC
21	DMSI 2006-PR1 5AF4	25157GBD3	$56,754,878	Doral Financial	Aaa	AAA	B2	B-
22	INDX 2006-AR27 1A4	45661LAD0	$60,000,000	Indymac	Aaa	AAA	Caa3	CCC
23	MHL 2007-1 2A11	61915YAB7	$50,000,000	MortgageIT	Aaa	AAA	Ca	D
24	NHEL 2007-1 A2C	669971AD5	$40,000,000	NovaStar	Aaa	AAA	Ca	CCC
25	PHHAM 2007-2 1A2	69337HAB7	$30,000,000	PHH Mortgage	Aaa	AAA	Caa2	CCC
26	RALI 2007-QO2 A3	75116AAC4	$9,763,000	Homecomings	Aaa	AAA	C	D
27	RAMP 2007-RS1 A3	74923RAC3	$50,000,000	SunTrust GMAC	Aaa	AAA	Ca	CCC

#	Offering & Tranche	CUSIP	Original Expenditure	Top Originators	Original		Current	
					Moody's	S&P	Moody's	S&P
28	RAMP 2007-RS1 A4	74923RAD1	$35,287,000	SunTrust GMAC	Aaa	AAA	C	CCC

V. SEALINK HAS STANDING TO PURSUE THE CLAIMS AT ISSUE

35. As detailed herein, the prices the Irish SPVs paid for the Certificates were far in excess of their true value at the time of purchase. Had the Irish SPVs known the true value and quality of the Certificates at the time of purchase, the Certificates would have violated applicable investment guidelines, and the Irish SPVs would not have purchased them. Ultimately, as the true value of the RMBS began to be revealed, institutional investors refused to purchase the Irish SPVs' commercial paper and commercial banks withdrew their credit lines. Accordingly, the Irish SPVs were left temporarily unable to refinance themselves.

36. Rather than discontinuing operations, which would have forced a disposal of the RMBS assets, Sachsen Europe arranged access to alternative funding. Sachsen Europe created the Cayman SPVs, which enabled independent repo financing to be conducted for the Irish SPVs' portfolios. Sachsen Europe established the Cayman SPVs in the Cayman Islands primarily due to the relatively low cost and short time period required to incorporate. Establishing the Cayman SPVs enabled the Certificates to be transferred from the Irish SPVs at par value.

37. The Cayman SPVs were established sequentially and assets were transferred when respective funding capacities were needed. On or about December 12, 2007, Sachsen Europe transferred RMBS from the Irish SPVs to Castleview 1. On or about January 18, 2008, Sachsen Europe transferred RMBS from the Irish SPVs to Castleview 2. On or about February 27, 2008, Sachsen Europe transferred RMBS from the Irish SPVs to Castleview 3.

38. These transfers were governed by Global Master Repurchase Agreements executed between the Irish SPVs and the Cayman SPVs (the "Master Repurchase Agreements"). The Master Repurchase Agreements transferred "all right, title and interest" in the transferred securities. For example, the Master Repurchase Agreement transferring securities to Castleview 2, which was executed on January 11, 2008, stated that "[t]he parties shall execute and deliver all necessary documents and take all necessary steps to procure that all right, title and interest in any Purchased Securities . . . shall pass to the party to which transfer is being made upon transfer of the same in accordance with this Agreement . . ." All transfers from the Irish SPVs to the Cayman SPVs were at par value, which avoided recognition and consolidation of the massive underlying losses that the RMBS had already sustained.

39. On August 26, 2007, Landesbank Baden-Würrtemberg ("LBBW") agreed to acquire Sachsen LB, effective January 1, 2008. The SPVs were excluded from LBBW's acquisition of Sachsen LB. Instead, the RMBS held in the SPVs' portfolios were sold to Sealink, an Irish limited company established to receive, hold, and manage the toxic RMBS. The RMBS, including the Certificates at issue here, were sold to Sealink pursuant to a series of Sale and Purchase Agreements ("SPAs") which stated "with full title guarantee and as beneficial owner hereby agree[] to sell, and the Purchaser [Sealink] hereby agrees to purchase," all RMBS in the SPVs' portfolios, including the Certificates at issue. Along with the SPAs, a Master Framework and Definitions Schedule ("Master Framework") was also executed. The Master Framework provides that "[a]ny reference in the Transaction Documents to . . . 'assets' includes present and future properties, revenues and rights of every description." The sales to Sealink were conducted at par value, which allowed the RMBS to be transferred without recognition and consolidation of the massive underlying losses that the portfolios had already sustained.

40. The Master Repurchase Agreements, SPAs, and Master Framework transferred all rights relating to the Certificates at issue, without limitation, to Sealink. This transfer included an assignment of the right to pursue the claims asserted herein.

VI. BACKGROUND AND NATURE OF THE FRAUD

A. The Securitization Process

41. Investors in RMBS receive a participating interest in the cash flow generated by one or more designated pools of residential mortgages. The actual securities themselves represent an interest in an "issuing trust" that holds the designated mortgage pools. A loan servicer collects payments from the underlying borrowers and distributes them, through the issuing trust, to holders of the certificates at regular distribution intervals throughout the life of the loans in the pool. Accordingly, the value of the RMBS depends on the quality of the mortgages in the designated pools, including the borrowers' ability to timely make their mortgage payments and the value of the collateral (their properties) supporting the mortgages.

42. Although the structure and underlying collateral of the mortgages may vary from trust to trust, they all function in the same way: the cash flow from interest and principal payments is "passed through" to certificate holders, like the Irish SPVs. Therefore, failure by borrowers to make their mortgage payments directly and negatively impacts the value of the RMBS. Mortgage defaults reduce the principal and interest payments that are passed through to investors. Defaults that are not cured result in foreclosure, causing the trust to take possession or sell the collateral for the loan. Foreclosures result in higher losses to the trust (and therefore to the RMBS investors) if the value of the collateral is lower than anticipated, for example, when appraisals overstated the value of the collateral, or if the mortgage documents were not properly assigned to the trust, and the trust's authority to foreclose on the property is challenged in court proceedings. For these reasons, proper loan origination and underwriting of the mortgages

underlying the RMBS—including verification of the borrowers' ability and incentives to make their mortgage payments, the value of the collateral, and the due diligence performed on the loan sellers—is essential to the quality of the RMBS. Where, as here, the mortgages in the loan pools were riskier than they were represented to investors to be, the price of the RMBS will not account for these risks and investors will unknowingly take on these significantly higher risks when they purchase the RMBS.

43. The process of securitizing mortgages into RMBS involves a number of steps. Each step is critical and necessary to finalize the securitization and subsequent sale to investors. First, a "sponsor" creates a loan pool from mortgages the sponsor has originated, or from mortgages the sponsor has purchased from other financial institutions. Before the sponsor purchases a mortgage pool from another financial institution, it reviews a sample of the loans in the pool to verify that the loans comply with the underwriting guidelines. Sponsors can reject loans from the pool before purchase or force the originator to repurchase or replace loans that do not meet represented quality standards after purchase. Defendant DBSP was the sponsor for the principal securitizations set forth in ¶66. Here, defendant DBSP represented, among other things, that it conducted an "underwriting guideline review" of the originating entity from which it purchased the mortgages, including "a review of the mortgage loan origination process and systems."

44. Second, the sponsor transfers the loans to a "depositor," which divides the cash flow and risks in the loan pool among different levels of investment or "tranches." Generally, cash flow from the payments by borrowers whose mortgages are in the loan pool are applied in order of seniority, going first to the most senior tranches. In addition, any losses to the loan pool due to defaults, delinquencies, foreclosure or otherwise, are applied in reverse order of seniority,

and are applied first to the most junior tranches. The sponsor and depositor work together to create the structure of the securitization, including determining the collateral for each tranche, and deciding whether loan groups supporting different tranches should be cross-collateralized or over-collateralized to support the overall securitization.

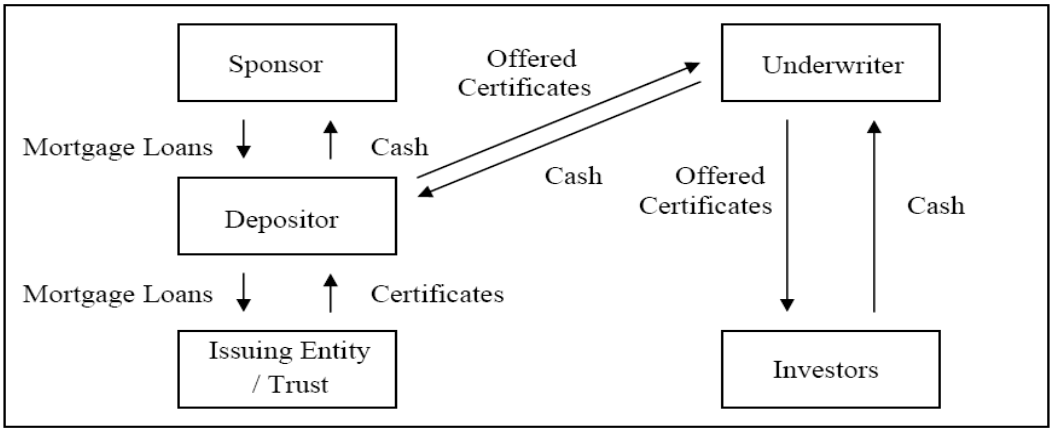
45. At the same time, the sponsor provides information about the RMBS tranche structure, the expected cash flow from the designated mortgage pool, and the value of the collateral supporting the loans in the mortgage pool to credit rating agencies like Moody's, Standard & Poor's, and Fitch. Certificates in senior tranches were often rated as the best quality or "AAA." Junior tranches have lower credit ratings because they have subordinated rights to payment and are less insulated from risk. The Deutsche Bank RMBS were all rated as "high grade" investment grade securities at the time of issuance and purchase, with almost all of the securities at issue receiving the highest possible credit rating—"AAA/aaa"—by the ratings agencies. The Deutsche Bank RMBS have since suffered severe delinquencies and defaults, and are all currently rated "junk" by at least one ratings agency.

46. Third, the depositor transfers the mortgage pool to the issuing trust so that it can be used as collateral for the RMBS that will be issued and sold to investors. Once the mortgage pool is deposited and the sponsor establishes the tranches, the issuing trust transfers the RMBS to the depositor as payment for the mortgages. In the meantime, RMBS underwriters contact potential investors – and usually provide investors with "free writing prospectuses" and term sheets that the underwriters prepared to determine whether investors might be interested in purchasing the certificates.

47. The depositor then passes the RMBS to the underwriters and the underwriters sell them as RMBS to investors. After the sale, the underwriters pass the payment back to the

depositor, less the fees that the underwriter collects for its underwriting services. At all relevant times, underwriters like DBSI typically collected substantial discounts, concessions, or commissions for serving as an underwriter of an RMBS securitization. For acting as a sponsor and depositor of securitizations, Defendants earned even more.

48. In sum, the steps in the securitization process can be depicted as follows:



49. The collateral pool of loans for each securitization usually includes thousands of loans. As potential investors cannot review the thousands of loan files, defendants DBSP and DBSI, in their roles as a sponsor or underwriter of the securitization, were responsible for gathering, verifying and presenting to potential investors accurate and complete information about the credit quality and characteristics of the loans that are deposited into the trust. Indeed, the most important factors for the Irish SPVs—and for any investor—in purchasing the Deutsche Bank RMBS were: (1) the ability of the underlying borrowers to repay their mortgages; (2) the ability for the trust to recover its losses in case of default by ensuring the properties were appropriate collateral for the loans and were accurately valued; and (3) the rate of interest received on the RMBS. The loan files themselves were not provided to the Irish SPVs who instead relied upon Deutsche Bank's representations about the quality of the mortgages underlying the RMBS and the process used to select and review those loans. Indeed, the Irish

SPVs did not have access to these loan files, nor could they have received such access upon request.

B. Factors Impacting The Quality Of The Deutsche Bank RMBS

50. For decades, federal regulators have recognized the importance of sound lending by issuing guidance on subprime mortgage products to ensure that borrowers are able to repay their loans. In 1999, federal regulators responded to the growth of newer subprime products with enhanced guidance, warning that if risks associated with subprime lending were "not properly controlled, the agencies consider subprime lending a high-risk activity that is unsafe and unsound." Interagency Guidance on Subprime Lending, March 1, 1999, at 217A.2.

51. The 1999 guidance also recognized the critical role that banks such as Deutsche Bank, which comprised the primary market for the sale of subprime loans, played in dictating and enforcing underwriting standards for subprime mortgage lending:

> Institutions should not accept loans from originators that do not meet their underwriting criteria, and should regularly review loans offered to ensure that loans purchased continue to meet those criteria. Deterioration in the quality of purchased loans or in the portfolio's actual performance versus expectations requires a thorough reevaluation of the lenders or dealers who originated or sold the loans, as well as a reevaluation of the institution's criteria for underwriting loans and selecting dealers and lenders. Any such deterioration may also highlight the need to modify or terminate the correspondent relationship or make adjustments to underwriting and dealer/lender selection criteria.

52. The guidance also required that "institutions . . . perform an ongoing analysis of subprime loans," "have information systems in place to segment and stratify their portfolio (*e.g.*, by originator, loan-to-value, debt-to-income ratios, credit scores) and produce reports for management to evaluate the performance of subprime loans," determine "whether performance meets expectations," and "consider the source and characteristics of loans that do not meet

expectations and make changes in their underwriting policies and loan administration procedures to restore performance to acceptable levels."

53. As discussed above, RMBS are fundamentally valued by the ability of the borrowers to repay the principal and interest on the underlying loans and the adequacy of the collateral. Thus, proper loan underwriting is critical to assessing the borrowers' ability to repay the loans, and is a necessary consideration when purchasing and pooling loans.

54. Likewise, independent and accurate appraisals of the collateralized real estate are essential to ensure that the mortgage or home equity loan can be satisfied in the event of a default and foreclosure on a particular property. An accurate appraisal is necessary to determine the likely price at which the foreclosed property can be sold and, thus, the amount of money available to pass through to certificate holders.

55. An accurate appraisal is also critical to calculating the loan-to-value ("LTV") or combined loan-to-value ("CLTV") ratios, which are financial metrics commonly used to evaluate the price and risk of RMBS. The LTV ratio expresses the amount of mortgage or loan as a percentage of the appraised value of the collateral property, with a lower LTV reflecting a better collateralized mortgage than one with a higher LTV. For example, if a borrower seeks to borrow $90,000 to purchase a home worth $100,000, the LTV ratio is equal to $90,000 divided by $100,000, or 90% – and the lender thus has an "equity cushion" of 10% of the value of the home. If, however, the appraised value of the house has been artificially inflated to $100,000 from $90,000, an inflated LTV ratio of 90% would be reported, but in reality, the actual LTV would be 100% ($90,000 divided by $90,000) – in which case there is no "equity cushion" whatsoever for the lender. The term CLTV applies to a situation in which more than one loan is secured by a particular property. For example, a property valued at $100,000 with a single

mortgage of $50,000 has an LTV of 50%. A similar property with a value of $100,000 with a first mortgage of $50,000 and a second lien mortgage of $25,000 has an aggregate mortgage balance of $75,000, and a CLTV of 75%.

56. From an investor's perspective, a high LTV or CLTV ratio represents a greater risk of default on the loan. First, borrowers with a small equity position in the underlying property have "less to lose" in the event of a default. Second, even a slight drop in housing prices might cause a loan with a high LTV ratio to exceed the value of the underlying collateral, which might cause the borrower to default and would prevent the issuing trust from recouping its expected return in the case of foreclosure and subsequent sale of the property.

57. The LTV and CLTV ratios of the loans underlying the RMBS are therefore important to investors' assessments of the value of RMBS. Prospectuses typically provide information regarding the LTV ratios and even guarantee certain LTV ratio limits for the supporting loans. Each of Deutsche Bank's prospectus supplements at issue here expressly stated, in sum or substance, that ***none of the mortgage loans have loan-to-value ratios at origination, or with respect to second-lien mortgages, combined loan-to-value ratios at origination, in excess of 100%***. As discussed below, this representation was false because a substantial portion of the loans purchased and securitized by Deutsche Bank had LTVs and CLTVs that exceeded 100%.

58. Another important metric when considering a borrower's ability to repay a loan is a borrower's debt-to-income ratio, or DTI, because borrowers whose debt is relatively high compared to their income face an increased risk of default on their loans. While a borrower's current DTI is a good measure of his or her capacity to repay a fixed rate mortgage, that metric should be calculated pursuant to a "fully indexed rate," which represents the interest rate over the

life of the loan. Using the fully indexed rate is important when determining a borrower's risk of default because certain loan products, such as adjustable rate mortgages ("ARMs"), have initial "teaser" rates that reset at much higher index rates after a certain period. A "fully indexed rate" accounts for this interest rate reset, and therefore takes the "teaser" rate into account. It is calculated by adding the index rate at origination and the margin that a lender adds to the index rate after the initial "teaser" period. For example, if the current index rate is 2.5%, and if the margin on a particular loan is 3%, the fully indexed rate on that loan is 5.5%. Because the fully indexed rate accounts for the current value of the interest rate index used by an ARM, it is a better measure of a borrower's ability to repay the loan.

59. In 2006, the interagency regulators, responding to the explosive growth of non-traditional mortgage products, provided revised guidance explicitly addressed the issue of using fully indexed rates:

> ***For all nontraditional mortgage loan products, an institution's analysis of a borrower's repayment capacity should include an evaluation of their ability to repay the debt by final maturity at the fully indexed rate, assuming a fully amortizing repayment schedule.*** In addition, for products that permit negative amortization, the repayment analysis should be based upon the initial loan amount plus any balance increase that may accrue from the negative amortization provision.

FDIC Federal Register Citations, Oct. 4, 2006, Vol. 71, No. 192 at 58614.

60. This federal guidance provided assurance to investors that investments in instruments backed by subprime mortgages could be safe and conservative products so long as the underlying loans were properly underwritten and scrutinized. As regulators made clear, in the context of RMBS such as those purchased by the Irish SPVs, representations concerning underwriting guidelines, appraisals, LTVs, and DTIs were of paramount importance.

C. Deutsche Bank's Control Over The Securitization Process

61. Deutsche Bank's activities in the RMBS market were a tremendous driver of Defendants' profits at the height of the U.S. housing boom. At nearly every step of the mortgage securitization process, Deutsche Bank reaped enormous profits, collecting the spread between what it would pay for a pool of mortgage loans and what it was able to obtain from securitizing those loans; underwriting fees and commissions from selling the RMBS it had securitized to investors; and interest and fees from the warehouse lending arrangements it established with subprime originators to facilitate the issuance of the loans underlying those securities.

62. Eager to capitalize on the booming market for subprime mortgages, Deutsche Bank created several entities—including defendant DBSP, which acquired mortgage loans to securitize from the loan originators and served as the sponsor for fourteen of the RMBS securitizations at issue here, and ACE Securities, which served as the depositor and issuer for five of the RMBS securitizations at issue here—to facilitate Defendants' origination and purchase of residential mortgage loans that defendant DBSI would then underwrite and sell to investors like the Irish SPVs as RMBS. Deutsche Bank also pursued an increased market share in the subprime mortgage market through its 2006 purchase of Chapel Funding LLC, which it later renamed DB Home Lending LLC ("DB Home"), as well as through its acquisition of MortgageIT, which Deutsche Bank officials lauded as a "major step[] forward in building our U.S. franchise with our acquisitions of mortgage origination platforms." Deutsche Bank Annual Review 2006, at 31. Because of its central role in creating, issuing, and selling the RMBS, Deutsche Bank had exclusive access to information about the highly risky nature of the designated mortgage pools – information that Deutsche Bank fraudulently withheld from the Irish SPVs, and which the Irish SPVs did not know (and could not have known) when purchasing the RMBS.

63. As a result of these efforts, from 2004 to 2006, Deutsche Bank's residential mortgage securitizations more than tripled, from $7.7 billion to $24 billion. According to the Deutsche Bank Group's 2006 Annual Review, Deutsche Bank's RMBS securitization activities, including a "sustained expansion into residential mortgage-backed securities in the U.S." which reported "gain[s] both in earnings and in market share," enabled Defendants to "generate[] record revenues [and] reap[] rich rewards." By year end 2006, the reported cash flows passing through Deutsche Bank and into securitizations totaled nearly $40 billion U.S. (€19,735 million), with Deutsche Bank recognizing over $550 million U.S. (€262 million) in gains as a result.

64. Even before its acquisition of MortgageIT and DB Home, Deutsche Bank had unique insight into the practices of mortgage originators through its role as one of the most prolific RMBS trustees in the world. Indeed, Deutsche Bank created Deutsche Bank National Trust Company and Deutsche Bank Trust Company Americas (collectively, "Deutsche Bank Trust"), direct subsidiaries of Deutsche Bank AG, in order to serve as the trustees of the trusts that backed the RMBS that Deutsche Bank securitized.[3] An RMBS trustee's role included ensuring that the transfer of the RMBS certificates to a depositor, such as defendant ACE Securities, was proper and that all the required mortgage documentation for each loan was present and complete. A sponsor, such as defendant DBSP, represents to the trustee that the information regarding each loan that the trustee receives is materially accurate. Deutsche Bank trustees had access to more information about the mortgage loans that were securitized and sold to investors during the time that the Irish SPVs purchased the RMBS at issue here, than any other trustee in the country, if not the world. As Deutsche Bank boasted in the Deutsche Bank

[3] Deutsche Bank Trust is currently the subject of investigations by both the U.S. Department of Justice and the Attorneys General of New York and Delaware. These investigations are looking into fraud, forgery, and other misconduct concerning the securitization process and trust asset recovery in foreclosure litigation.

Group's 2006 Annual Review, as of year-end 2006, Deutsche Bank's trustee arm had received more appointments in U.S. asset-backed securitizations than any other provider, meaning that Deutsche Bank trustees oversaw the securitization of more residential mortgage loans than any other trustee in the world.

65. Deutsche Bank's RMBS activities as securitizer, underwriter, and trustee were integral to the growth and proliferation of high-risk mortgages that contributed to the financial crisis. Mortgage originators generated profits primarily through the sale of their loans to investment banks like Deutsche Bank, and the originators were therefore driven to originate and sell as many loans as possible. Increased demand for mortgages by banks like Deutsche Bank led to increased volume in mortgage originations. As a result of the increased volume, originators began to borrow money from the same large banks that were buying their mortgages in order to fund the origination of even more mortgages.

66. Defendants utilized two methods to securitize mortgages into RMBS for sale to investors: (1) they acted as sponsor, depositor, and underwriter of RMBS backed by mortgages that their own affiliates had originated or that they purchased, or (2) they acted as an underwriter for RMBS that were sponsored by other financial institutions. Here, Defendants controlled the sponsor, depositor and underwriter in 14 of the 19 securitizations at issue. Defendant DBSP was the sponsor for all 14 of these securitizations as set forth below.

#	Offering	Sponsor	Depositor	Top Loan Originators
1	ACE 2007-ASAP1	DB Structured Products	ACE Securities	DB Structured Products
2	ACE 2007-ASAP2	DB Structured Products	ACE Securities	DB Structured Products
3	ACE 2007-WM1	DB Structured Products	ACE Securities	WMC Mortgage
4	DBALT 2006-AR4	DB Structured Products	Deutsche Alt-A	Countrywide MortgageIT GreenPoint
5	DBALT 2006-AR6	DB Structured Products	Deutsche Alt-A	Countrywide MortgageIT
6	DBALT 2007-1	DB Structured Products	ACE Securities	Countrywide National City

#	Offering	Sponsor	Depositor	Top Loan Originators
7	DBALT 2007-AR1	DB Structured Products	Deutsche Alt-A	American Home IndyMac MortgageIT
8	DBALT 2007-AR2	DB Structured Products	Deutsche Alt-A	American Home MortgageIT
9	DBALT 2007-BAR1	DB Structured Products	Deutsche Alt-A	American Home IndyMac DHI Mortgage
10	DBALT 2007-OA1	DB Structured Products	Deutsche Alt-A	Countrywide Residential Funding
11	DBALT 2007-OA2	DB Structured Products	Deutsche Alt-A	Impac IndyMac
12	DBALT 2007-OA4	DB Structured Products	ACE Securities	Countrywide
13	DMSI 2006-PR1	DB Structured Products	Deutsche Mortgage Securities	Doral Financial
14	MHL 2007-1	DB Structured Products	MortgageIT Securities	MortgageIT

67. Deutsche Bank controlled every step of the securitization process for each of these RMBS, including: (i) the selection and acquisition of the loans in the pool; (ii) the creation of the securitization structure, including the segmentation of cash flows and risks into tranches; (iii) the provision of critical information about the quality of the mortgage pools to the rating agencies as part of the process of obtaining investment grade credit ratings for the RMBS; and (iv) the registration, underwriting, and sale of the RMBS to the Irish SPVs , including providing important information about the quality of the mortgages that was used by investors to decide whether to purchase the RMBS. As a result, Deutsche Bank had unique, non-public and material information concerning the loan origination and underwriting practices that were used for originating the loans included in these securitizations.

68. One source of Deutsche Bank's non-public information was its exclusive access to the loan files that the mortgage originators developed while creating the loans. For residential mortgage loans, each loan file normally contains the borrower's loan application; verification of the borrower's income, assets, and employment; references; credit reports on the borrower; and an appraisal of the property that secures the loan and provides the basis for important metrics of

credit quality such as LTV and DTI ratios. As mentioned above, the Irish SPVs did not have access to these loan files, nor could they have received such access upon request.

69. In addition, before purchasing loans, Defendants performed credit, compliance, and valuation due diligence on the mortgage loan pools. ***Credit due diligence*** involved examining a sample of the individual loans to assess their quality and compliance with the originators' loan underwriting guidelines, and was a tool used to evaluate the risk that the borrowers of the mortgages in the pool would not timely make their mortgage payments. ***Compliance due diligence*** focused on whether the loans were originated in compliance with state, federal, and local laws, including predatory lending and truth-in-lending statutes. ***Valuation due diligence*** utilized automated valuation models ("AVMs") and broker price opinions ("BPOs") to verify reported valuations of the collateral backing the mortgages in the pool. The value of the collateral is used to determine the amount of equity a borrower has in the collateral resulting in an LTV ratio. LTVs are in turn used to assess the likelihood that the borrower will continue to make the mortgage payments and to assess the likely recovery in case of default.

70. Deutsche Bank had its own internal due diligence team and also routinely used outside third-party due diligence providers – such as Clayton and Lydian – to perform due diligence on the mortgage pools it would purchase for securitization. As part of the due diligence they performed for Defendants, vendors such as Clayton and Lydian reviewed the underlying loan documentation for accuracy and completeness, analyzed important data, such as DTI and LTV ratios, and then provided detailed, quantitative findings to Defendants, including a score for each loan and a report that alerted Deutsche Bank to any data deficiencies.

71. Joseph Swartz, a senior Deutsche Bank official, confirmed the close relationship

between Deutsche Bank and Clayton. Swartz became a managing director at defendant DBSI in 2005, and served as vice president of DBSI's Mortgage Acquisition and Due Diligence department during 2006 and 2007. The due diligence department oversaw all of Defendants' residential mortgage business, including all bulk loan purchases and RMBS trades. Swartz testified before the Federal Crisis Inquiry Commission ("FCIC") in July 2010 in connection with its investigation resulting in the January 2011 Financial Crisis Inquiry Report: Final Report of the National Commission on the Causes of the Financial and Economic Crisis in the United States ("FCIC Report"). Swartz testified that ***"there was always a lot of interaction going on between myself and Clayton's employees,"*** including frequent calls with the "lead at Clayton" and onsite reviews at the originators. Swartz further testified that Deutsche Bank received individual asset summary reports weekly, if not daily. In addition to these regular summary reports, Keith Johnson, who served as president of Clayton during the relevant time period and who worked directly with Deutsche Bank, testified before the FCIC that Clayton distributed trending reports to clients including Deutsche Bank. The purpose of these trending reports was to provide clients, including Deutsche Bank, with information regarding the exceptions on the loans in the pools it purchased for securitization to investors such as the Irish SPVs.

72. As reflected above, Deutsche Bank was intimately involved in Clayton's due diligence process and was kept apprised on nearly a daily basis of the true quality of loans being included in Deutsche Bank's securitizations. According to the September 2010 FCIC testimony of a senior vice president of Clayton, Vicki Beal, lead underwriters such as defendant DBSI, who underwrote all of the securitizations at issue here, "manage[d] the transaction, coordinate[d] the delivery of the loan files, set up equipment (for deals at a seller or client site), manage[d] [other] underwriters and quality control, and r[a]n reports that summarize[d] the daily findings."

73. As discussed above, the reports and other information generated by due diligence firms like Clayton and Lydian were communicated and transmitted to Deutsche Bank. As detailed further below, numerous former Clayton and Lydian employees interviewed by Sealink's counsel confirm that Clayton's and Lydian's reviews alerted Deutsche Bank to the true quality of the loans Deutsche Bank securitized and sold to the Irish SPVs. For example, CW 1, a former Lydian director of risk and compliance through 2006, explained that though Lydian provided Deutsche Bank with its grades noting deficiencies in up to 80% of the loans reviewed, Deutsche Bank routinely bought the loans anyway.

74. All of this information gave Deutsche Bank material, non-public knowledge about the true quality of the loans that were included in the securitizations at issue and provided comfort to investors that Deutsche Bank only securitized mortgage loans which conformed to the stated origination and underwriting standards. The Irish SPVs did not have access to this information and therefore relied on what Deutsche Bank disclosed about the quality of the mortgage pools backing the RMBS. As the Attorney General for the State of Massachusetts explained, there are "two related ***information asymmetries*** that arise from the RMBS structure":

> First, investment banks, through their diligence process, may discover that loans have poorer quantifiable criteria than present on the loan tape (for example, if the bank's review calls into question the quality of the appraisals underlying the calculation of the loan-to-value ratios). Second, investment banks may discover concentrations of otherwise unquantifiable risks like fraud.

Letter from Attorney General for the State of Massachusetts to the SEC dated August 2, 2010 regarding Proposed Rule Concerning Asset-Backed Securities, SEC Release Nos. 33-9117, 34-6158; 61858 File Number S7-08-10.

75. These information asymmetries are even more acutely pronounced in securitizations that were created, sponsored, and underwritten by Deutsche Bank, and that were backed by mortgages that Defendants and their affiliates had originated.

VII. DEUTSCHE BANK KNEW ITS RMBS WERE REPLETE WITH RISKY LOANS THAT VIOLATED THE UNDERWRITING GUIDELINES

76. Deutsche Bank, which was steeped in every aspect of the securitization process, scrutinized the loans it was purchasing and identified the rampant defects in those loans. Notwithstanding its knowledge about the real risks of default those loans presented, it securitized them into RMBS, represented that those RMBS were high quality, and sold them to the Irish SPVs. In so doing, Deutsche Bank reaped huge profits for itself, while passing the dangerously high risks associated with these securities to the Irish SPVs, and other unsuspecting investors.

A. Deutsche Bank's Due Diligence Identified Defects In The Loan Pools Deutsche Bank Purchased For Securitization

77. Deutsche Bank learned through its loan selection and due diligence process that a substantial portion of the loans that it securitized woefully failed to meet the stated underwriting standards of the originators from which it purchased loans. In fact, Deutsche Bank's due diligence process identified a ***pattern*** establishing that the loans Deutsche Bank purchased for securitization—including those in the Deutsche Bank RMBS purchased by the Irish SPVs—routinely failed to meet the originators' underwriting guidelines, violated state and federal law, were based on inflated property valuations, and/or had numerous other deficiencies.

78. Deutsche Bank concealed from investors the results of this due diligence so that it could reap illicit profits by charging investors like the Irish SPVs a price for the RMBS as if the RMBS did not contain defective mortgages. As described in transcripts of interviews conducted by the FCIC with Joseph Swartz (managing director and vice president of DBSI's due diligence department) and others, and reflected in Clayton's trending reports, Deutsche

Bank purchased and securitized defective mortgage loans as a matter of course. This misconduct is in direct contrast to Deutsche Bank's representations in the Offering Materials that it conducted an underwriting guideline review of the loan sellers from which it purchased loans to ensure conformity with those guidelines.

79. Indeed the loan-level analysis conducted by Sealink and set forth in detail below at section VIII.7. reveals that the characteristics of the underlying loans were so far removed from the representations Deutsche Bank made to investors such as the Irish SPVs in the Offering Materials, that the only plausible explanation is that Deutsche Bank knew (or at least recklessly disregarded) that its representations in the Offering Materials were false.

1. Deutsche Bank's Third-Party Due Diligence Providers Told Deutsche Bank That the Loans Were Defective

80. As discussed above, Deutsche Bank's due diligence process included hiring third-party due diligence providers, including Clayton and Lydian, to perform an extensive re-underwriting review of the loans before they were purchased by Defendants for inclusion in securitizations. However, Deutsche Bank's due diligence began in-house at Deutsche Bank. Joseph Swartz testified to the FCIC that before any third-party due diligence providers were involved in the process, Deutsche Bank would do a "pre-due diligence review" on the credit side which primarily consisted of reviewing the loan tapes against credit information about the borrowers. Swartz testified:

> I had a team of people that assisted me and I liked to try to find underwriters to bring in for my team, people that understood how to look at loans and credit bureaus and ***we would run through credit bureaus hour after hour after hour after hour, through hundreds and hundreds of loans on loans*** that had drifted to see if there anything [sic] about this credit of the borrower that is alarming. . . . ***[S]o we were able to really look into that loan before we were even onsite to do due diligence*** and try to see any

> concerns we had about borrowers whose credit had shifted since the loan was originated.

81. After Defendants' "pre-due diligence review" was completed, Defendants would turn to third-party due diligence providers such as Clayton. Deutsche Bank retained Clayton to review a sample of the mortgage loans in a pool. Indeed, Clayton reviewed approximately 66,400 loans for Deutsche Bank from the first quarter of 2006 through the second quarter of 2007, the time period during which all of Sealink's RMBS were issued and purchased. As Swartz explained to the FCIC, after Clayton's review of the loan sample, Clayton would assign each loan a number—1, 2 or 3—to reflect its evaluation of the creditworthiness of the loan. The numbering referred to three different levels. "1" was the best—*i.e.*, the loan met the originators' underwriting guidelines—and "3" was the worst, or as Swartz described it, "***an exception that was outside of the guidelines or it was egregious enough that even if the loan were within guidelines," the exceptions could not be overwritten with compensating factors.*** As detailed below, and as admitted by Swartz, Deutsche Bank would routinely waive "egregious" level 3 loans into securitizations and sell them to investors, like the Irish SPVs.

82. Swartz explained in his testimony before the FCIC that his job was to review Clayton's findings and ***"identify loans in the pool with high risk."*** Swartz testified:

> ***So it was my job to try to remove those [risky] loans from the pool and try to let the bank know pretty much, you know,*** my thoughts about the review itself when it was completed, you know, ***my real thoughts about it.***

Deutsche Bank's internal due diligence team identified those high risk loans, but ***they never removed those loans from the pool.*** Instead, ***Deutsche Bank rejected and re-designated the grades assigned by Clayton as a matter of course.*** According to Swartz, ***"there would always be loans that we would waive."*** Indeed, Deutsche Bank had its own designation – "2-W" –

which it specifically used for loans that Clayton had graded a "3" and rejected because of egregious deficiencies, but which Deutsche Bank decided to waive into loan pools for securitization (and sale to investors like the Irish SPVs) anyway. Swartz described these 2-W loans as "the loans that the Clayton Group would have out as a three and Deutsche Bank would waive" and agreed that this grade really meant "a 3, which under Clayton's grading system says reject."[4] In Keith Johnson's testimony before the FCIC, the president of Clayton from May 2006 to May 2009 similarly explained that "a 2-W would definitely be where our contractor had scored this a 3 for a variety of factors and the client had changed that and moved it into a 2, an accept level or a designation."

83. As illustrated by Swartz's and Johnson's testimony and documents Clayton produced to the FCIC, ***over one-third (36%)*** of the Deutsche Bank-securitized loans sampled by Clayton during the height of the mortgage boom from 2006 to mid-2007 – which was also when the Irish SPVs purchased the RMBS at issue here – failed to meet the originators' underwriting guidelines. Moreover, a Clayton trending report reveals that, over this same period, Defendants routinely overruled Clayton's findings and ***"waived" approximately 50% of all such defective "exception" loans into securitizations*** that were sold to investors like the Irish SPVs.

84. The loans that third-party due diligence providers such as Clayton actually reviewed represented only a small percentage of the loans that Deutsche Bank purchased and securitized, as reported by the FCIC. FCIC Report at 169. Indeed, Swartz testified before the FCIC that the sample size of loans to be reviewed by Clayton was negotiated between the trader and the loan seller – neither of which had any incentive to increase that sample because it could result in more loans being rejected from the pool. As Swartz explained to the FCIC:

[4] Swartz further testified before the FCIC that the grade of "2-W" was entirely distinct from "2-C" which was reserved for loans with "immaterial" exceptions that "Clayton itself had the authority to make."

> Again, sample sizes were negotiated by the trader. And typically, ***if they were familiar with a seller they would look to lower the sample sizes because sample sizes really determine issues in the pool***, exceptions, what types of loans you're looking at, but ***sellers knew the more you sample the more you're going to reject.*** . . . They were very; very sensitive about sample sizes . . . ***they always wanted us to sample less.***[5]

Despite ***knowing that 36% of the loans in Clayton's sample were defective, Deutsche Bank never went beyond the sample.*** Defendants simply securitized the remaining un-sampled loans in the pools and sold those loans packaged into RMBS to investors like the Irish SPVs.

85. Extrapolating the results of Deutsche Bank's 50% "waive in" rate of the loans Clayton had rejected for failing to meet originators' guidelines to the entire loan pools backing the Deutsche Bank RMBS purchased by the Irish SPVs reveals the extent to which Deutsche Bank knew (or at least recklessly disregarded) the risk that the loans it had securitized were destined to default. Indeed, as the FCIC concluded:

> On the loans in the remainder of the mortgage pool that were not sampled . . . , Clayton and the securitizers had no information, but ***one could reasonably expect [the untested loans] to have many of the same deficiencies, at the same rate, as the sampled loans.***

FCIC Report at 169-70.

86. The Offering Materials for the RMBS purchased by the Irish SPVs disclosed none of the above, and instead misstated that the same loans complied with the originators' underwriting guidelines or had compensating factors that justified making an exception to those guidelines. As the FCIC Report concluded with regard to the Offering Materials for RMBS:

> [M]any prospectuses indicated that the loans in the pools either

[5] This is merely one example of the conflicts of interest that pervaded Defendants' internal due diligence team's interactions with the loan originators selling the loans. Swartz further testified to the FCIC that when Defendants conducted diligence onsite and were "actually face to face with the seller" it was hard to say no to bad loans: "face to face it's hard to delete lots of loans when you're talking to somebody right across the table and let's say the senior executive is in there from the seller and he's all - - wants you to buy as many loans as possible."

> met guidelines outright or had compensating factors, even though Clayton's records show that only a portion of the loans were sampled, and that of those that were sampled, a substantial percentage of Grade 3 Event loans were waived in. . . . Prospectuses for the ultimate investors in the mortgage-backed securities did not contain this information, or information on how few loans were reviewed, ***raising the question of whether the disclosures were materially misleading, in violation of the securities laws.***

FCIC Report at 167, 170.

87. Further, as reported by the FCIC:

> ***firms securitizing mortgages failed to perform adequate due diligence on the mortgages they purchased and at times knowingly waived compliance with underwriting standards. Potential investors were not fully informed or were misled about the poor quality of the mortgages contained in some mortgage-related securities.*** These problems appear to have been significant.

FCIC Report at 187. Deutsche Bank's astounding 50% "waive in" rate and the implications for the quality of the RMBS underwritten by defendant DBSI rendered materially false and misleading numerous statements in the Offering Materials relied on by the Irish SPVs in purchasing the Deutsche Bank RMBS.

88. Deutsche Bank's misconduct is in direct contrast to the representations it made about the due diligence that it performed on mortgage lenders before purchasing ***any*** mortgage loan. For example, the prospectus supplement for the ACE 2007-ASAP1 RMBS stated:

> All of the Mortgage Loans were acquired by the Depositor [ACE Securities Corp.] from the Sponsor [DBSP]. ***The Mortgage Loans were originated by various third party originators pursuant to the underwriting standard described in this section and were reviewed by the Sponsor [DBSP] to ensure conformity with such underwriting standards.***
>
> *** * ***
>
> ***The Sponsor [DBSP] conducts a number of quality control procedures, including a full re-underwriting of a random***

> ***selection of mortgage loans to assure asset quality.*** Under the asset quality procedure, a random selection of each month's originations is reviewed. ***The mortgage loan review confirms the existence and accuracy of legal documents, credit documentation, appraisal analysis and underwriting decision***. A report detailing audit findings and level of error is sent monthly to management for response. The audit findings and management responses are then reviewed by the Sponsor's senior management. Adverse findings are tracked monthly and over a rolling six month period.

89. These statements were false and misleading when made because, in truth: (i) Deutsche Bank routinely ignored the pervasive defects that its internal and external due diligence processes identified in the loans Deutsche Bank purchased for securitization; and (ii) Deutsche Bank routinely overruled the determinations of its due diligence providers, purchased defective mortgage loans, and placed those loans in the mortgage pools backing its RMBS.

90. Deutsche Bank touted its due diligence to the Irish SPVs and other investors in the prospectus supplements for the following RMBS: ACE 2007-ASAP1, ACE 2007-ASAP2, ACE 2007-WM1, DBALT 2006-AR4, DBALT 2006-AR6, DBALT 2007-1, DBALT 2007-AR1, DBALT 2007-AR2, DBALT 2007-BAR1, DBALT 2007-OA1, DBALT 2007-OA2, DBALT 2007-OA4, DMSI 2006-PR1, and MHL 2007-1. The specific statements relating to Defendants' due diligence and underwriting standards that Sealink alleges to be false and misleading in this regard are attached as Exhibit A to the Complaint. Deutsche Bank made substantially similar statements in the prospectus supplements for the following RMBS: INDX 2006-AR27, NHEL 2007-1, PHHAM 2007-2, RALI 2007-QO2, and RAMP 2007-RS1. *See* Exhibit A.

91. As discussed above, Deutsche Bank knew the status of particular loans and the grades that Clayton assigned them, and routinely ignored them. Swartz testified to the FCIC that ***"there was always a lot of interaction going on between myself and Clayton's employees."*** Indeed, during Clayton's onsite loan review at the originator, Swartz testified that he would

usually manage the review out of New York, where he was in almost constant contact with "the lead at Clayton" and would have frequent calls with "the lead" on which "we would go over any unusual characteristics I saw with the pool." Swartz further testified that he would also have frequent conversations with "the lead" during the week that diligence was being conducted on the originator to focus on any issues that Clayton had with the loans in the pool it was examining. From time to time, Swartz, himself, would manage these reviews onsite at the originators in person.

92. Clayton also provided detailed reports to Deutsche Bank, including its senior executives, that showed precisely how bad the loans were. Swartz testified to the FCIC that Clayton sent "summary" reports to Swartz for every loan pool that Clayton reviewed for Deutsche Bank. Swartz explained to the FCIC that "***[t]his was the high level summary that really everybody [at Deutsche Bank] was interested in" including Swartz's "senior managers."***[6]

93. Johnson, the president of Clayton during the relevant time period who worked with Deutsche Bank, further testified before the FCIC that beginning in 2006, Clayton began distributing "trending reports," the purpose of which was to "provide feedback to the client" regarding exceptions on the loans in the pools that Deutsche Bank and other clients purchased. As Johnson explained, "our goal was to generate the trending reports, take them to the clients and try to help the clients make better risk management decisions." According to Johnson, "***the trending reports point out a lack of adherence to . . . the [underwriting] guideline[s]"*** that was

[6] Swartz described numerous other documents provided by Clayton to him and his due diligence team in his testimony to the FCIC, including, for example, "a list of all the stated income borrowers they reviewed" with detailed information about their occupations and stated incomes which Swartz needed so that Deutsche Bank's internal due diligence team could assess "which ones they believed would be a problem from a reasonableness point of view; a teacher earning 20,000 dollars a month or something like that."

indicative of "a fundamental breakdown" where clients like Deutsche Bank were focused on the "volume [of loans], as opposed to the [loans'] quality."

94. Johnson further explained to the FCIC that these trending reports were delivered to clients, including Deutsche Bank, and discussed in meetings where those clients were debriefed on the trends reflected in the reports. Johnson can only remember a handful of these meetings, but one of them was with Deutsche Bank where ***Michael Commaroto, a managing director and head of U.S. whole loan trading at defendant DBAG,*** or as Johnson put it "Joe [Swartz]'s boss, as well as many others' boss'" ***"didn't receive [the trending report] well."*** Johnson had "a phone call with Mike" after this meeting where he explained "why these things were generated" and reassured Commaroto "that the intent was not to, you know, hold anybody out as being, you know, doing something wrong. . ." The rampant violations of the underwriting guidelines and Deutsche Bank's shocking 50% waive-in rate that these trending reports revealed, (FCIC Report, Figure 9.1) make clear why Commaroto was concerned about this information becoming public.

95. CW 1, who conducted diligence on loans for Deutsche Bank as a director of risk and compliance at Lydian (another third-party due diligence provider) through 2006, confirmed that loan purchasers like Deutsche Bank effectively ignored the findings of its third-party due diligence providers. Like Clayton, Lydian also had a grading system (here, A, B, C, D – with C and D being the worst) and as with Clayton, according to CW 1, clients like Deutsche Bank routinely ignored Lydian's grades: ***"Lydian's findings were really 'smoke and mirrors' because whatever grade we gave didn't make a difference for them. They would buy them anyway. The grades we provided didn't matter."***

96. CW 1 explained that the due diligence process was simply not designed to fulfill the role that due diligence was supposed to. CW 1 said that "[i]f deficiencies were found, they tried to find a signature here, a stamp here, and that was really the end of it." According to CW 1, "no matter what our findings were as underwriters, and what we were telling the manager's team about our findings, they [clients like Deutsche Bank] didn't really care." In other words, CW 1 explained, the loans that were originated during the mortgage "boom" (when the Irish SPVs purchased all of the RMBS at issue) were originated "quicker than could be imagined. ***The leniency for compliance [with the guidelines] was not anyone's concern. They knew they could sell them so they could just underwrite them with deficiencies. . . . The [deficiencies we found] were so blatant, I couldn't believe they could be approved."*** Indeed, CW 1 stated that at least 80% of the loans he reviewed during this time period had deficiences.

2. Deutsche Bank Knew From Its Own Research And Analysis That The Loans Were Defective

97. Though Deutsche Bank had its own stated policy regarding the acceptable level of riskiness for a given loan, it routinely violated that policy and knowingly included deficient loans in securitizations that were purchased by investors like the Irish SPVs. As discussed above, one critical metric that Deutsche Bank focused on in evaluating mortgage loans for purchase was the maximum debt-to-income ("DTI") levels that it believed presented an acceptable credit risk. Indeed, as Swartz testified before the FCIC, one of the fundamental aspects of Clayton's review was to make sure that the "interest rates, LTVs, and debt ratios" on the loan tapes that the loan sellers provided to Deutsche Bank were consistent with the actual loan documentation.[7] Deutsche Bank also considered the impact of certain loan features on a borrower's DTI ratio,

[7] Swartz further explained that any inconsistencies were flagged and reported in a "data discrepancy report" provided by Clayton which was then analyzed by Deutsche Bank's internal due diligence team.

such as adjustable rate mortgages ("ARM") that had initial "teaser" rate periods that would reset at a higher rate.

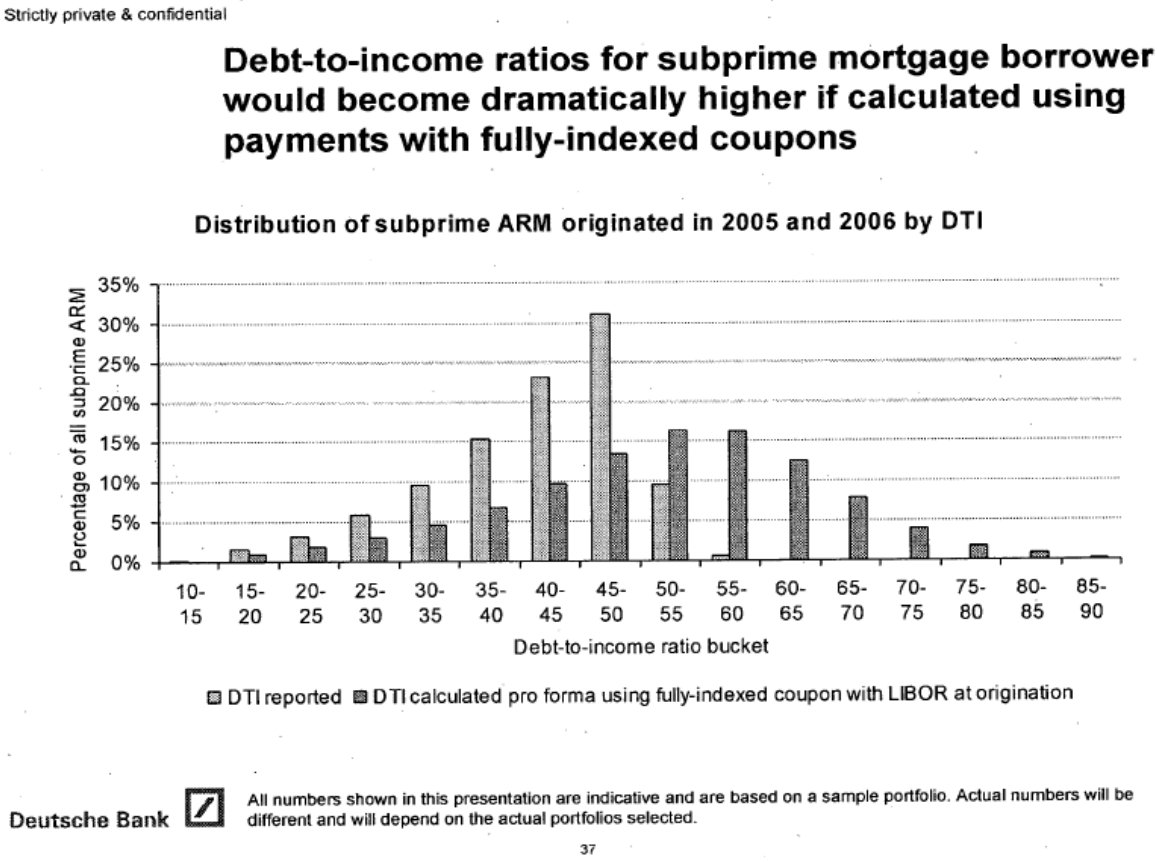
98. Indeed, as Deutsche Bank stated in a "confidential" presentation titled "Shorting Home Equity Mezzanine Tranches," which was attached as an exhibit to the Senate Report and primarily authored by Greg Lippmann, a managing director at DBSI and the head of all non-agency RMBS, ABS, and CDO trading globally at Deutsche Bank (the "Shorting Report"), "[b]orrower's debt-to-income ratio may grow dramatically after resets in a typical subprime loan." The Shorting Report further stated that "[w]ith a moderate growth assumption for the borrower's other debts, the borrower's total debt-to-income can grow to nearly 60% at the expiration of the [interest only] term."

99. To account for the risk of ARM borrowers defaulting on their mortgages after the initial "teaser" rate reset to the fully indexed rate, Deutsche Bank purportedly set limits on the DTI ratios it would accept, and considered borrowers with DTI ratios in excess of 50-55% to be unable to afford their loans. Indeed, as stated in the Shorting Report, loans with high DTIs "may reach beyond 50%, leaving little for the borrower to pay other expenses."[8] Moreover, Deutsche Bank knew that, in accordance with federal guidance, this DTI ratio had to be calculated under "the fully indexed rate, assuming a fully amortizing repayment schedule."

100. Contrary to its stated policy, however, Deutsche Bank routinely purchased and securitized ARM loans that had effective DTI ratios that were well over 50-55%, and it knew that calculating DTI ratios pursuant to the initial teaser rate instead of the fully-indexed rate would result in inaccurate and misleading DTI ratios that exceeded the limit. As illustrated by the below chart in Deutsche Bank's "[s]trictly private and confidential" Shorting Report,

[8] As noted in both the Senate Report and *The Big Short*, and discussed further below, Deutsche Bank had prepared and begun using an earlier version of this presentation by September 2005, if not earlier. No version of the Shorting Report was ever distributed to the Irish SPVs or made available to the Irish SPVs.

substantially all of the DTIs reported under the initial teaser rate were below the 50-55% limit set by Deutsche Bank (which Deutsche Bank believed was the upper limit that borrowers could reasonably be expected to repay the loan). However, as the chart below reveals, if the borrowers' DTI ratios were calculated under the proper (and federally required) fully-indexed rate, a majority of the DTI ratios exceeded the crucial 50% limit, with a meaningful percentage of borrowers applying over 70% of their income to their mortgage debt.



101. Armed with these statistics – which in fact Deutsche Bank collected and used to its own advantage as reflected in the Shorting Report – Deutsche Bank knew that the borrowers of the loans that they securitized and sold to investors such as the Irish SPVs would be unable to repay them. Indeed, Deutsche Bank stated in the Shorting Report that ***"in the past, about 50% of the borrowers who did not refi at the payment reset would default eventually"*** (emphasis in

original) and "[most] of losses in collateral happen between year 2 and year 4, especially after rate-adjustment induced payment shocks." Moreover, Deutsche Bank knew that borrowers would not be able to "refi[ance] at the payment reset" stating in the Shorting Report that "the borrower, with LTV virtually unchanged in the existing loan and likely larger credit card and other debts incurred in the meantime, may find it difficult to refinance into another affordable loan." In other words, Deutsche Bank knew at purchase that the borrowers of the loans that Deutsche Bank securitized and sold to investors such as the Irish SPVs were guaranteed to default.

3. Deutsche Bank Knew From Its Originating Arm That The Loans Were Defective

102. Deutsche Bank's knowledge regarding the systemic defects in the loans that it securitized and sold to investors like the Irish SPVs was particularly acute with respect to loans originated by MortgageIT, Deutsche Bank's own lending arm and an originator of the DBALT 2006-AR4, DBALT 2006-AR6, DBALT 2007-AR1, DBALT 2007-AR2 and MHL 2007-1 RMBS at issue here.

103. Deutsche Bank was well aware of the quality concerns that pervaded the loans originated by MortgageIT when it acquired the business in 2006. CW 2 joined MortgageIT as a compliance manager at around the same time that Deutsche Bank's acquisition of the business was announced.[9] According to CW 2, there effectively was no compliance function at MortgageIT when CW 2 joined the company. CW 2 explained that CW 2's team's efforts to build a compliance framework that would ensure that the loans originated by MortgageIT met the requisite guidelines and laws were summarily rejected by Deutsche Bank's senior

[9] Deutsche Bank's acquisition of MortgageIT was finalized on January 3, 2007. CW 2 remained at MortgageIT through the end of 2008.

management. Specifically, CW 2 explained that Doug Naidus, the co-founder, chairman and CEO of MortgageIT from 1999 through January 1, 2007, who post-acquisition became a managing director and head of mortgage origination within Deutsche Bank's RMBS group and Gary Bierfriend, a president and managing director of MortgageIT from 1992 through January 1, 2007, who post-acquisition became a managing director at Deutsche Bank, "did not truly understand what was necessary" in order to actually make sure that the loans complied with the requisite guidelines and laws, and actively thwarted the compliance department's efforts to block fraudulent loans from being funded.

104. Indeed, CW 2 noted that senior management at MortgageIT simply ignored their compliance obligations because ***"[t]here's always a big bunch of people from sales saying 'we don't care – do whatever you can to close this loan.'"*** CW 2 further described ***MortgageIT's sales practices as "horrible," "wrong," and illegal.*** According to CW 2, as late as 2009, ***"sales was still running compliance; [sales] ran the whole show."***

105. Deutsche Bank knew that the loans originated by MortgageIT were not in compliance with the relevant guidelines and laws because MortgageIT was in constant communication with Deutsche Bank regarding these issues. According to CW 2, all managers reported to Bierfriend and Naidus who, even before they became Deutsche Bank officers at the end of 2006, were in "major communication" with Deutsche Bank in New York in 2006. In fact, CW 2 explained that both Naidus and Bierfriend were based in Deutsche Bank's offices in New York, which became the eventual headquarters of MortgageIT as well. CW 2 described one instance in which CW 2 told a loan officer at MortgageIT about one especially problematic loan and that loan officer looked at CW 2 and said ***"Why does it matter what happens with the loan,***

as long as we make the commission?" CW 2 relayed this exchange to Bierfriend, her boss and a managing director at MortgageIT, and he simply laughed and said "Oh really?"

106. Moreover, CW 2 personally attended biweekly meetings – the purpose of which was to discuss questionable and possibly fraudulent loans with senior managers at Deutsche Bank. Joseph Swartz, the vice president of defendant DBSI's due diligence department which oversaw all of Deutsche Bank's residential mortgage business, attended these meetings, as did Bierfriend, Naidus and other Deutsche Bank managing directors, as well as certain MortgageIT sales team branch managers ("any branch found with anything questionable") and representatives from MortgageIT's quality control group. At these meetings, CW 2 explained, they would discuss any questionable or potentially fraudulent loans identified by MortgageIT's compliance and quality control groups. Swartz and other DBSI managing directors, such as Pat McEnerney, were active participants in these calls. According to CW 2, in response to any proposals to stop using a particular mortgage broker because of likely fraudulent activity and bad lending practices, the sales team would strongly push back and succeed in rejecting proposed reforms on the grounds that they relied on those problem brokers for millions of dollars of business. CW 2 stated that despite these regular calls bringing to light serious fraudulent activity and bad lending practices to high level Deutsche Bank officials, changes were not made, despite the efforts of compliance and quality control.

107. These changes would of course only apply to the problems that MortgageIT identified through its due diligence which, according to CW 3, a transaction manager and loss mitigation specialist at MortgageIT from December 2002 through August 2006 in New York, New York, was far from adequate. As CW 3 described it, the due diligence process at MortgageIT was "going so fast, and so many things slip through" and "get lost in the shuffle."

CW 2 agreed that at MortgageIT, ***"plenty of times there were loans put into pools that shouldn't have been purchased."***[10]

108. MortgageIT also sent its employees to New York periodically to meet with Deutsche Bank personnel. For example, CW 2 would travel to New York at least once a month to meet with James ("Jamie") Panero, a director and the U.S. head of residential mortgage compliance at defendant DBSI since January 2007, and MortgageIT's senior deputy general counsel from November 2005 through January 2007, to discuss various "fraud" issues. CW 2 explained that with respect to the loans originated by MortgageIT, CW 2 would typically see "borrowers who were not qualified, mixed-up dates on bank statements, borrowers not being disclosed to properly/misrepresented to, [and] borrowers not signing documents they should have signed." Indeed, CW 2 noted that "[s]ometimes, loan officers signed for borrowers."

109. CW 2 would elevate these and other issues to Panero in person who would in turn elevate them to others at Deutsche Bank. CW 2 explained that the typical response from Deutsche Bank senior management to these issues was ***"well, there's nothing in writing saying we can't do it,"*** which CW 2 explained was obviously not the case. Moreover, no one at MortgageIT would have been incentivized to address any of the problems with MortgageIT's defective loans because, according to CW 2, compensation of MortgageIT sales and operations employees was directly tied to loan volume and there would therefore be no effect on the compensation they received for originating and selling lots of loans if those loans defaulted after closing.

110. The complaint filed by the United States against DBAG, DBSP, DBSI, and MortgageIT on May 3, 2011 (the "USAO Complaint") similarly details the systematic failure by

[10] CW 2 further explained that "a couple" of the MortgageIT branch managers who had the authority to make exceptions on loans were disbarred attorneys and at least one was a convicted felon.

Deutsche Bank and MortgageIT to address widespread problems in underwriting and quality control. The Government describes how even after Deutsche Bank acquired MortgageIT, MortgageIT's quality control dysfunctions persisted. For example, MortgageIT tasked only ***one*** employee to audit its closed loans, a task that was critical in order to measure the efficacy of the underwriting of those loans. By the end of 2007, Deutsche Bank had moved that single employee into production so that there was ***no*** quality control review of closed mortgage files. Indeed, as detailed in the USAO Complaint, "not a single person at Deutsche Bank or MortgageIT was conducting quality control reviews of closed FHA-insured mortgages." Consequently, patterns of mortgage underwriting violations went unchecked or willfully ignored in order to originate as many loans as possible.

111. Such reckless practices have had severe consequences on the performance of MortgageIT-originated loans under FHA Direct Endorsement Lender program. According to the USAO Complaint, as of February 2011, of the more than 39,000 mortgages for FHA endorsed by Deutsche Bank and MortgageIT, more than 12,500 of those mortgages (*i.e.*, approximately a third) defaulted. Of those, more than 3,100 defaulted within six months, more than 4,500 defaulted within a year, and more than 6,900 defaulted within two years of closing.

112. On May 9, 2012 the Deutsche Bank defendants entered into a Stipulation and Order of Settlement and Dismissal, and agreed to pay $202.3 million to the United States to resolve the Government's claims for damages and penalties under the False Claims Act (the "Settlement"). MortgageIT admitted in the Settlement that it failed to "(i) maintain a quality control program that complied with HUD-FHA requirements; and (ii) conduct a full review of all early payment defaults ('EPDs') on loans endorsed for FHA insurance." MortgageIT further admitted that it "submitted to HUD-FHA certifications stating that certain loans were eligible for

FHA mortgage insurance when in fact they were not" because certain of those "loans . . . did not meet all underwriting requirements contained in HUD's handbooks and mortgagee letters." DBSP and DBAG further admitted that after January 2007 when MortgageIT was a "wholly-owned, indirect subsidiary of DBSP and DBAG" an officer from defendants DBSP, DBSI, and/or DBAG signed these false certifications. DBAG, DBSP, and the other Deutsche Bank defendants took responsibility for the fraud at MortgageIT, stating that after January 2007, they "were in a position to know that the operations of MortgageIT did not conform fully to all of HUD-FHA's regulations, policies, and handbooks" and further that they knew that MortgageIT's annual certifications were false.

4. Deutsche Bank Knew From Its Depositor-Affiliate That The Loans Were Defective

113. In addition to Deutsche Bank's activities as an originator, Deutsche Bank's affiliate, ACE Securities, acted as the primary agent securitizing many of the RMBS purchased by the Irish SPVs. As revealed by the Senate Subcommittee's investigation into the causes of the financial crisis, ACE Securities was a Deutsche Bank affiliate exclusively devoted to acting as registrant, depositor, and issuer in connection with RMBS offerings underwritten by defendant DBSI. ACE Securities served as the depositor for the ACE 2007-ASAP1, ACE 2007-ASAP2, ACE 2007-WM1, DBALT 2007-1, and DBALT 2007-OA4 RMBS at issue here.

114. The Senate Subcommittee expressed a particular interest in Deutsche Bank's relationship with ACE Securities, issuing an information request to Deutsche Bank for specific details regarding that relationship. Deutsche Bank's counsel responded on March 2, 2011, explaining that the sole purpose of ACE was "to act as a registrant and depositor in connection with RMBS offerings sponsored and/or underwritten by Deutsche Bank."[11] ACE also "in

[11] Footnote Exhibits to Senate Report – Page 0848.

practical terms . . . performed the functions of an issuer," even though it "was not technically the legal entity that issued the RMBS securities." The information provided by Deutsche Bank in response to the Senate Subcommittee's request illustrates the extent to which the Deutsche Bank Defendants worked together on RMBS securitizations, such as those at issue here. As Deutsche Bank explained in its March 2011 response:

> As depositor and issuer, ACE participated in the formation of the RMBS offerings as follows. Generally, pursuant to the various mortgage loan purchase agreements between DBSP and ACE, loans were sold by DBSP to ACE. In connection with this sale, DBSP, ACE and the relevant trustees and servicers entered into a pooling and servicing agreement by which a common law trust was created. ACE would then "deposit" the mortgages loans into the trust and the trust would in turn issue RMBS securities to ACE. ACE would then sell those certificates to DBSI. ACE would then use the proceeds of the sale of the certificates to investors or retain them in its inventory depending on market conditions and demand.
>
> * * *
>
> The trusts were created by ACE (as noted above), together with DBSP, and the relevant trustees and servicers, pursuant to pooling and servicing agreements for each offering.

115. Indeed, Deutsche Bank further explained to the Senate Subcommittee that "[i]n most instances, between 2006 and 2007, ACE acted as the depositor for subprime RMBS offerings sponsored by DBSP and underwritten by DBSI." In merely "a few instance [sic]" ACE was the depositor for offerings that were underwritten but not sponsored by Deutsche Bank entities.

116. Through its close relationship with ACE Securities, Deutsche Bank knew what ACE Securities knew. Specifically, Deutsche Bank had intimate access and knowledge of every aspect of the mortgage loan securitization process used to create the ACE Certificates that Deutsche Bank sold to the Irish SPVs, including: (i) the acquisition and selection of the loans in

the pool; (ii) the creation of the securitization structure, including the segmentation of cash flows and risks into tranches; and (iii) the process of obtaining investment grade credit ratings for these certificates. Moreover, because of its central role in securitizing and selling the certificates, Defendants had exclusive access to information about the originators' defective underwriting practices and the highly risky nature of the loan pools – information that the Irish SPVs did not, and could not have, known. As discussed below, Deutsche Bank used its intimate knowledge of the practices and quality of ACE and its securities to benefit itself, at the expense of investors like the Irish SPVs who purchased ACE Certificates at the same time that DBSP's senior trader degraded them in internal emails as, among other things, "generally horrible."

B. Deutsche Bank Knowingly Dumped Defective Loans Into Securitizations To Reduce Its Exposure To Its Warehouse Lines Of Credit

117. Deutsche Bank also provided warehouse lines of credit to several large mortgage originators (including Countrywide, American Home, and NovaStar) whose loans Deutsche Bank subsequently purchased and securitized.[12] The primary purpose of providing this credit was to enable the originators to finance their loan originations and the pooling of mortgage loans for eventual sale through securitizations or whole loan sales. In other words, Deutsche Bank extended credit to the originators so that they could originate more loans for Deutsche Bank to securitize and sell to investors. Deutsche Bank also profited through the collection of fees and interest in connection with its financing.

118. As of 2007, Deutsche Bank had warehouse lending commitments to subprime lenders totaling ***at least a billion dollars.*** Of course, before providing such funding, Deutsche Bank became intimately familiar with the lending practices of these originators through

[12] Deutsche Bank also had other financial relationships with the originators, including serving as an underwriter for 810,000 shares of American Home common stock in August 2005, in connection with which Deutsche Bank conducted due diligence on American Home's business and operations.

extensive due diligence on their business operations. As explained by one industry publication, warehouse lenders such as Deutsche Bank have "detailed knowledge of the lender's operations" with "day-to-day pipeline exposure to what the mortgage lender [is] doing." Kevin Connor, *Wall Street and the Making of the Subprime Disaster*, November 2007 at 11.

119. Not only was Deutsche Bank able to profit off of the interest it received on the billions of dollars in warehouse lending lines it provided as well as the fees it collected for arranging such financing, Deutsche Bank also became those originators' most valued customers and de facto partners. Moreover, according to CW 4, a former manager of American Home's secondary lock desk for retails loans from November 2004 until August 2007, "Deutsche Bank was a more liberal mortgage broker," and would buy stated income loans from borrowers with much lower FICO scores than the acceptable minimum FICO threshold that other banks used.

120. According to notes of an interview published by the FCIC, former Clayton president Keith Johnson stated that banks with warehouse lines like Deutsche Bank were particularly culpable in disregarding Clayton's findings and securitizing defective loans, in part because of their warehouse relationships with particular originators:

> For every hundred 3's that we found, forty were still purchased. Some firms would purchase way more (tended to be those that had warehouse lines related to them) and some would purchase way less. ***The ones with the warehouse lines had the highest.*** I think we actually talked to a law firm that was doing the prospectuses, and we said that they should disclose the due diligence, and they said that they spent 20 pages talking about the underwriting guidelines. I thought that the investors and the rating agencies would be interested in the exceptions.

Memorandum for the Record, Phone Interview with Keith Johnson, former President and COO of Clayton Holdings, (June 8, 2010).[13]

121. During his September 2, 2010 testimony before the FCIC, Johnson offered the following hypothetical to FCIC staff member Bob Hinkley that highlights the kinds of conflicts of interest that drove Defendants to waive in defective loans which had been originated by sellers to whom Defendants had provided warehouse lines of credit. According to Johnson, the securitizer (*e.g.*, Deutsche Bank) basically had two options. First, it could reject the loan and force the loan originator to take it back, but this could well result in a loss for the securitizer in its capacity as a warehouse lender: if the defective loan could not be resold, it would effectively become defective collateral for the securitizing lender's warehouse line of credit which it had extended to the originator. The second option, which is exactly what Deutsche Bank did here, was to "waive" the loan into the pool and secretly pass it onto RMBS investors such as the Irish SPVs.

C. Deutsche Bank Unloaded Toxic RMBS Onto Investors Like the Irish SPVs To Limit Its Exposure As The Mortgage Crisis Intensified

122. Deutsche Bank's usual practice prior to 2004 was to purchase mortgages only in bulk and only through large originators, according to a June 2004 article in *American Banker*. In search of new sources of loans to purchase and securitize, defendant DBAG, through defendant DBSP, instituted a program to purchase nonprime loans for its RMBS from several correspondent mortgage originators to "make it easy for 'as big a seller or as small a seller' as exists to sell to Deutsche" in 2004, as reported by *American Banker*. Jody Shenn, "Deutsche Group Buying Loans via Correspondents." Am. Banker, Jun. 8, 2004. Through this program,

[13] *See also* FCIC Interview of Keith Johnson (Sept. 2, 2010) ("one area that I think was probably abused and perhaps not disclosed correctly was the warehouse lines. So, I think our data would show that, you know, we saw bigger exceptions to any client that had warehouse lines.").

run by Maxine Matteo, managing director and co-head of correspondent lending at defendant DBSI, who reported to Michael Commaroto, managing director and U.S. head of whole loan trading at defendant DBAG, DBSP provided guarantees to smaller mortgage lenders – including fly-by-night subprime lenders Maribella Mortgage LLC ("Maribella"), Cameron Financial Group, Inc. d/b/a 1st Choice Mortgage ("Cameron"), and Prajna Group, Inc., d/b/a Liberty Mortgage Funding ("Liberty") – that DBSP would purchase loans ***even before the loans had been originated*** in order to encourage these smaller lenders to originate more mortgage loans and sell them to DBSP for securitization and sale to investors.[14] In so doing, *American Banker* reported in June 2004, Deutsche Bank was able to assert even more control over the loans that it purchased than it had previously.

123. By 2007, borrowers began defaulting on their loans at increasingly alarming rates, thereby endangering Deutsche Bank's lucrative subprime securitization business. Increasingly, borrowers were unable to make even the first several payments on their mortgages, resulting in what is known as an early payment default or "EPD." As Deutsche Bank's global head of RMBS stated in a March 4, 2007 email released by the Senate Subcommittee ***"these [EPDs] are blowing up whether people like it or no[t]."*** In the event of an EPD, a loan originator, like Countrywide, would often be required to repurchase the defaulting loan after it had been sold to an investment bank like Deutsche Bank. The pressures on originators that resulted from increasing EPD rates were compounded by demands placed on them by their warehouse lenders for extra fees in exchange for providing the originators' additional short-term funding, given the perceived increased risk of default on the originators' lines of credit. Seeing an increase in

[14] These loans were purported to be audited and underwritten by Lydian.

EPDs, warehouse lenders also began to exercise their right to require originators to repurchase these defectively originated loans, which put further strain on the originators.

124. To ensure that DBSP would not get caught "holding the bag" before it could securitize the defective loans it purchased through its correspondent lending program, DBSP had protective policies in place pursuant to which it could force loan sellers to repurchase EPD loans. Indeed, DBSP had a stated policy requiring its "approved" loan sellers to repurchase a loan, at DBSP's discretion, "if any of the first three (3) payments due after the purchase date are thirty (30) days delinquent," a policy that was amended in March 2006 to require any seller to repurchase a loan if the first two payments had not been made.[15] Under this program, DBSP closely tracked EPD loans, and was keenly aware that loans issued by its correspondent lenders were defaulting within the first several months after issuance at alarming rates. DBSP thus knew that these loans never should have been issued in the first place.

125. Like the originators it funded, Deutsche Bank turned to desperate tactics because it was likewise put at risk by the collapsing subprime market. Deutsche Bank was exposed to the millions of dollars in loans it had purchased for securitization as well as the outstanding warehouse lines it had with many of the originators. As reflected in emails from DBSP to its correspondent lender that were submitted in subsequent court filings, DBSP undertook a concerted effort to force various of its correspondent loan sellers to repurchase EPD loans in mid-2007, even though DBSP – in the face of data alerting it to the fact that the loans were going into EPD – had earlier chosen to securitize these loans into RMBS purchased by the Irish SPVs as a matter of course. At least 42 loans securitized in the ACE 2007-ASAP1, DBALT 2007-BAR1, DBALT 2007-AR2, DBALT 2007-1, DBALT 2006-AR6, and DMSI 2006-PR1 RMBS

[15] *DB Structured Products, Inc. v. Great Northern Fin. Group, Inc.*, No. 07 Civ. 4122, Complaint filed May 25, 2007, Exhibit 3 (November 17, 2006 email from Jimmy Yan at DBSI to colleagues).

purchased by the Irish SPVs were identified by DBSP as EPD loans in put-back complaints against its correspondent lenders that DBSP filed in 2007. Those loans were already delinquent when Deutsche Bank included them in the RMBS.

126. Deutsche Bank was also aware that the lenders that supplied the loans which backed the Deutsche Bank RMBS purchased by the Irish SPVs were coming under increasing financial stress as other investment bank loan buyers began demanding that the lenders repurchase of their early defaulting loans. For example, Maribella closed its doors on March 10, 2007; Lancaster Mortgage Bank exited the wholesale lending business in June 2007 and filed for bankruptcy in August 2007; and Bayrock Mortgage Corporation shut its wholesale subprime wholesale lending business in December 2007. Instead of more closely scrutinizing the underwriting practices of the originators or limiting their purchases of loans from these lenders, DBSP—rather than suffer the loss on the loan itself if the lender were to declare bankruptcy—chose to securitize those loans and sell them as RMBS to the Irish SPVs even after they were already delinquent.

127. Moreover, these lenders – which were "approved" by DBSP and which depended on the advance funding provided by DBSP (for loans that had not even been originated yet) just to stay in business – engaged in the very sort of risky, and in some cases, criminal, lending practices at the root of the financial crisis. For example, prior to its bankruptcy filing, Liberty—a company with approximately 30-45 employees—was fined by its state regulator for employing 21 unregistered brokers; in bankruptcy, Liberty listed assets of under $100,000 and liabilities of approximately $1 million, but remained in possession of $285,000 worth of Porsche luxury vehicles that it used as incentives for employees to issue loans to borrowers for Liberty to sell in the secondary market. A loan officer at Commonsense Mortgage, Inc., an originator with under

50 employees, was convicted in May 2011 for his involvement in a mortgage fraud scam in which he would recruit "straw buyers" to purchase homes at inflated values. The two top executives (the CEO and president) and the sole shareholders of Cameron were charged by the trustee overseeing the originator's bankruptcy with fraud for wrongfully transferring over $1 million in company assets as the lender was imploding. No facts regarding any of these lenders—or even their identities—were provided in the Offering Materials, and thus Deutsche Bank's representations that these lenders and the loans they issued were properly vetted by defendant DBSP were of critical importance.

128. Nevertheless, Deutsche Bank securitized scores of loans that were identified by DBSP in court filings as having defaulted under the terms of its own EPD program within the first several months of having been issued, despite the explicit representations in the Offering Materials, discussed further below, that the loans had been underwritten in accordance with DBSP's own underwriting guidelines, independently reviewed by DBSP's own underwriters, and that none of the loans were seriously delinquent at the time of securitization. Incredulously, DBSP, in its court filings, complained that because those loans were in EPD, it was "unable to include certain of the Early Payment Default Loans in securitizations," despite the fact that for the loans that were purchased as RMBS by the Irish SPVs, it already had done so.

D. Deutsche Bank Profited From Its Knowledge Of The Poor Quality Of The Loans It Securitized Through Its "CDO Machine"

129. Armed with the actual data confirming the poor quality of the loans underlying the RMBS it was arranging and promoting, Defendants, led by the global head of Deutsche Bank's non-agency RMBS, ABS and CDO trading, Greg Lippmann, internally formed an extremely negative view of these securities and devised still further schemes to profit from their expected failure, even as Defendants continued to sell RMBS backed by similarly high-risk loans

to the Irish SPVs and other investors. Specifically, beginning as early as 2005, Deutsche Bank bet against the value of a series of CDOs backed by RMBS – including RMBS originated, issued and underwritten by Deutsche Bank – that were designed to fail through what Lippmann dubbed Deutsche Bank's ***"CDO Machine"*** or ***"ponzi scheme."*** Senate Report at 330.

130. Deutsche Bank was very successful in making money for itself to the detriment of investors like the Irish SPVs. Lippmann spearheaded this effort and played a crucial role in ***both*** RMBS and CDO trading at Deutsche Bank, despite the fact that these groups had conflicting goals and targeted different investors. According to the Senate Report, Lippmann's "desks were responsible for trading a variety of RMBS, CDO, and other asset backed securities on the secondary market." Lippmann had a staff of 30 employees – 20 in the U.S. and 10 in London. In addition, Lippmann was the head of risk management for all new issue CDOs which meant, according to an email from Lippmann to a colleague on July 14, 2006, that Lippmann was "involved in underwriting, structuring, marketing and hedging our wharehouse [sic] risk for new issuue [sic] cdos."

131. As a matter of course, RMBS traders directed by Lippmann would have had regular contact with and access to the results of Deutsche Bank's mortgage loan due diligence and underwriting. As described by Anthony Sanders, former director and head of asset-backed and mortgage-backed securities research at Deutsche Bank and co-author of the treatise Securitization: Structuring and Investment Analysis, in order to model the price, risk and return of RMBS for potential investors – a task performed generally by the RMBS traders – the traders must look at the risk of mortgage delinquencies which is directly related to "the credit quality of the borrower, loan to value (LTV) ratio, the characteristics of the loan, the type of mortgaged property, location of the mortgaged property, economic conditions, and other factors."

132. Indeed, Lippmann and Joseph Swartz, who headed due diligence for all of Deutsche Bank's residential mortgage business as discussed above, were both part of DBSI's Securitized Products Group (SPG) and worked in the same office, on the same floor for at least seven years (March 2003 – April 2010). In 2006 and 2007, all bulk loan purchases and RMBS trades went through Swartz's group. During this same time, Lippmann was the global head of all non-agency RMBS trading. Lippmann was thus familiar with all aspects of RMBS trading, including the egregious underwriting violations that were revealed to Deutsche Bank through its due diligence process, as discussed above, but concealed from investors, including the Irish SPVs. Lippmann's colleagues at DBSI's SPG, as well as senior management at Deutsche Bank, were also familiar with Lippmann's views on the mortgage market and his shorting strategy, as discussed below.

133. As reported in the Senate Report and reflected by Deutsche Bank's Shorting Report, Lippmann shared his "negative views on the mortgage market" with senior management at Deutsche Bank beginning in 2005, and in turn, "Deutsche Bank allowed Mr. Lippmann, in 2005, to develop a large proprietary short position for the bank in the RMBS market." According to Michael Lewis's account in *The Big Short*, Lippmann emailed an investor of a hedge fund in November 2005 and claimed that "he was short 1 billion dollars of this stuff and was going to make 'oceans' of money (or something to that effect.) His exuberance was a little scary." Indeed:

> Lippmann brimmed with fascinating details: the historical behavior of the American homeowner; the idiocy and corruption of the rating of the rating agencies, Moody's and S&P, who stuck a triple-B rating on subprime bonds that went bad when losses in the underlying pools of home mortgages reached just 8 percent; the widespread fraud in the mortgage market; the folly of the subprime mortgage investors, some large number of whom seemed to live in Düsseldorf, Germany.

* * *

> Düsseldorf. ***Stupid Germans. They take rating agencies seriously. They believe in the rules.***

134. By 2006, Deutsche Bank's shorting activities, led by Lippmann, were more aggressive than ever. According to the Senate Report,

> By the middle of 2006, Mr. Lippmann repeatedly warned and advised his Deutsche Bank colleagues . . . about the poor quality of the assets underlying many CDOs. ***He described some of those assets as 'crap' and 'pigs,' and predicted the assets and the CDO securities would lose value.***

Lippmann also began to enlist the assistance of Deutsche Bank's preferred clients (which did not include the Irish SPVs) in helping Deutsche Bank to amass the massive short position that would pay off handsomely when the value of RMBS, like those it had created and sold to the Irish SPVs declined. As described in *The Big Short*, Steve Eisman, a money manager who became famous for betting against the value of subprime mortgages, was approached by Lippmann, who wanted Eisman to bet against RMBS that Deutsche Bank had created. According to the account, Eisman asked Lippmann why he should "bet against bonds [Deutsche Bank] is creating, and arranging for the rating agencies to misrate?" Eisman was incredulous: "In my entire life I never saw a sell-side guy come in and say, 'Short my market.'" As *The Big Short* explained, in 2006, at the same time that Lippmann's short position against the value of subprime RMBS such as the Deutsche Bank RMBS purchased by the Irish SPVs had grown to $1 billion, "[s]ixteen floors above him inside Deutsche Bank's Wall Street headquarters, several hundred highly paid employees bought subprime mortgage loans, packaged them into bonds, and sold them off."

135. By 2007, Deutsche Bank held a short position of over $10 billion.[16] In a case study of just one Deutsche Bank CDO originated in 2007 called Gemstone 7 – which was backed by RMBS issued from the same ACE and DBALT shelves as those RMBS purchased by the Irish SPVs – the Senate Report concluded that Deutsche Bank's practices resulted in at least "$1.1 billion of high risk, poor quality securities that are now virtually worthless." Indeed, this was Deutsche Bank's goal in selecting those securities in the first place. As Michael Lamont, defendant DBSI's co-head of CDO production in the U.S., testified before the FCIC, his job was to be "agnostic" on whether mortgages backing the securities Deutsche Bank created would be re-paid. Rather, Lamont explained to the FCIC, ***"our business was to make new issue fees"*** on mortgage securitizations and "make sure that [if] the market did have a downturn, we were somehow hedg[ed]." As revealed by Lamont's emails released by the Senate Subcommittee, Lamont was fairly confident that Gemstone 7 fulfilled this purpose, telling a client at a hedge fund: ***"Keep your fingers crossed but I think we will price this just before the market falls off a cliff*** (which as usual will likely find you well-positioned to acquire new risk at a good price.)"

136. The extensive report by Gregory Zuckerman in his book, *The Greatest Trade Ever*, confirms that Deutsche Bank executives were kept apprised of Lippmann's negative views and closely supervised his shorting activities. According to Zuckerman, ***Deutsche Bank executives "told Lippmann to make sure to update them on how the trade was going, keeping the leash tight on the thirty-seven-year-old trader."*** Zuckerman also described how Lippmann discussed Deutsche Bank's billion-dollar short position directly with Rajeev Misra, who ultimately became the global head of credit trading, securitization and commodities at defendant DBAG and a member of DBAG's executive committee.

[16] Public reports have cited Deutsche Bank's short position as $5 billion and $10 billion. The full extent of Deutsche Bank's shorting of U.S. RMBS is known only to Defendants.

137. Mr. Lippmann's emails, released by the Senate Subcommittee, reveal his extremely negative views regarding not only the mortgage market generally, but specifically, the poor quality of the RMBS shelves for which Deutsche Bank affiliate, defendant ACE Securities, was the depositor and the bad practices of the originators of the loans that backed the RMBS that Deutsche Bank sold to the Irish SPVs. These emails also reveal the extent to which Lippmann relayed these views to his colleagues throughout Deutsche Bank. For example, Lippmann decried the fate of the subprime mortgage market in 2006, stating in an August 29, 2006 email that "THIS STUFF HAS A REAL CHANCE OF MASSIVELY BLOWING UP." (emphasis in original). Lippmann reiterated this view on February 20, 2007, as he and Lamont were strategizing about ways to get various CDO deals "out the door" because, Lippmann feared, things were "going to get a lot bumpier very soon." By March 4, 2007, Lippmann explained that "I remain firm in my belief that these are blowing up whether people like it or no[t]. . . . Can't blame them because if this blows up lots of people lose their jobs so they must denyv [sic] in hope that that will help prevent the collapse. ***At this price, I'm nearly just as short as I've ever been.***"

138. Lippmann also blacklisted certain originators who originated the RMBS that the Irish SPVs bought from Deutsche Bank, including, for example, NovaStar, the sole originator of the NHEL 2007-1 RMBS at issue here. In Lippmann's view, ***"indeed"*** he agreed with a client in an email exchange, ***Novastar was "like the plague."***

139. Lippmann was especially negative regarding the quality of Deutsche Bank's own ACE shelf of RMBS purchased by certain of the Irish SPVs and other investors. For example, in a May 19, 2006 email, Lippmann termed them ***"piece o crap"*** securities; in an August 4, 2006 email to a hedge fund client he called the ACE shelf a ***"bad name"*** and explained that ***"the ace***

name is not good"; in a September 21, 2006 email to a colleague he said that ***"ace is generally horrible"***; and in a March 3, 2007 email he bluntly stated ***"ace is crap."***

140. Lippmann was not the only high level manager at Deutsche Bank with these negative opinions and knowledge. As discussed above, he was kept on a tight leash by senior management. Indeed, Deutsche Bank touted Lippmann's promotion to the global head of ABS Trading and Syndicate and CDO Trading in a June 12, 2006 press release, quoting the managing director and head of the SPG at DBSI, Richard d'Albert's description of Lippmann's crucial role in "securitization trading" at Deutsche Bank:

> Greg has been instrumental in building-out our securitization trading and syndication capabilities in the U.S. and globally over the last six years. He is highly regarded in the industry and has become a pioneer in developing new products and trading platforms for the market. With these appointments, we are positioned to build upon past success and further enhance the strength of our SPG platform.

141. Senior management's approval of Lippmann and his CDO strategy, as well as his performance as the head of RMBS at Deutsche Bank, is also reflected in the $47 million in compensation he received for these efforts in 2006, an amount greater than Deutsche Bank paid to the rest of its senior management combined. It is also reflected by Lippmann's membership in Deutsche Bank's "Global Markets Leadership Forum," which, according to Lippmann, "was comprised of [his] division's top 50 employees worldwide."[17]

142. Moreover, other traders at Deutsche Bank shared Lippmann's belief that the price of RMBS would plummet, including certain of the RMBS at issue here. For example, other Deutsche Bank employees had an equally negative – and accurate – view of the securities

[17] Further, as revealed by exhibits to the Senate Report, defendant DBAG was also heavily involved in the Gemstone 7 CDO.

issued pursuant to Deutsche Bank's DBALT shelf, as evidenced by the fact that when Deutsche Bank was unable to sell certain DBALT RMBS that it believed would perform poorly, it placed those RMBS into a CDO in order to get them off its own books. As explained by the Senate Report, by placing these securities into CDOs, "Deutsche Bank allowed [the CDO] to acquire a $10 million asset that its traders believed would perform poorly, and effectively removed the financial risk of this asset from its own inventory, shifting it to its customers."[18] Indeed, as noted in the Senate Report, "Mr. Lippmann's negative views were shared by his traders," so much so that, as an email released by the Senate Subcommittee reveals, they were parodied in a song.[19]

143. Deutsche Bank's Shorting Report also outlined how Deutsche Bank could profit from Lippmann's negative views and shorting strategy. An early version of the Shorting Report, dated September 2005 and attributed to "Deutsche Bank AG or one of its affiliates (collectively, 'Deutsche Bank')," described to select investors (which did not include the Irish SPVs) a strategy of shorting (*i.e.*, betting against) residential mortgage loans—a Deutsche Bank

[18] Deutsche Bank's priority in minimizing its own exposure to RMBS it expected would perform poorly—even if that meant concealing the true quality from investors—was illustrated in numerous examples described in the Senate Report. For example, the Senate Report quotes a June 14, 2007 email from a Deutsche Bank employee to Lippmann regarding one of five START CDOs that were underwritten by Deutsche Bank. The START CDOs had been created on behalf of a hedge fund investor who wished to "short" the U.S. housing market, even though other START CDO investors had bullish positions on the RMBS referenced by the CDO. According to the employee, if they were unable to sell the CDO securities Deutsche Bank had unwritten, they could create another CDO that would purchase those assets: "This along with our remaining held inventory if we can't sell away we repack into a CDO 2 balance sheet dump later this summer. Worst case we hold it but it is probably the lesser of two evils (the greater evil being our held START position)." In this example, the "greater evil" was for Deutsche Bank to retain the unwanted, high-risk assets—not deceiving investors of their quality. In another example, Lippmann was hesitant to purchase a particular CDO security because, he said, it "rarely trades," but nevertheless agreed to "take it and dupe someone" into buying it.

[19] A November 8, 2005 email sent by one of the traders on Lippmann's desk interpreted Deutsche Bank's pessimistic view of the housing boom and the RMBS that helped fuel it as a parody of "Ice Ice Baby" by Vanilla Ice, with the following lyrics: "Yo vip let's kick it! CDO oh baby, CDO oh baby…. Print, even if the housing bubble looms. There are never ends to real estate booms. If there is a problem, yo, we'll solve it. Check out the spreads while my structurer revolves it. CDO oh baby, CDO oh baby."

"strategy to cash in on a slowing housing market" by "shorting (or buying protection on)" certain securities. In this "[s]trictly private and confidential" presentation, Deutsche Bank explained that "[i]t is increasingly evident that the housing boom in the past 10 years has come to its end." According to Deutsche Bank, these expected losses in the housing market represented investment opportunities.

144. In this and later versions of the "Shorting Report," Deutsche Bank specifically pointed out the dangers of "[s]tated-income mortgage loans," whereby the "[i]ncome of the borrowers is not substantiated by the documentation, nor is it verified." In particular, Deutsche Bank noted that "[b]orrowers may inflate income to get loan approval." Thus, Deutsche Bank was on full notice that borrower misrepresentations were a significant concern, and this was further validated by the due diligence performed by its third-party providers, such as Clayton, discussed above. Yet, despite its own knowledge and the evidence provided to Deutsche Bank by third-party due diligence firms, Deutsche Bank not only continued to include these flawed loans in its securitizations but devised an investment strategy to profit from its own fraud, while pitching these RMBS to investors like the Irish SPVs.

145. According to internal emails released by the Senate Subcommittee, Lippmann and the traders in his department shared defendant DBSI's co-head of U.S. CDO production Michael Lamont's view (*supra*, ¶135) that the driving purpose of Deutsche Bank's business was to generate new issue fees. They knew that disclosure of Deutsche Bank's efforts to profit at the expense of investors would severely undermine Deutsche Bank's "new issue" business responsible for securitizing and selling RMBS and CDOs to clients. As one of Lippmann's top traders, Rocky Kurita, managing director and head of secondary ABS trading at defendant DBSI, explained in a May 12, 2005 email to Lippmann that was publicly disclosed in 2011: ***"we have to***

make money. [C]ustomer happiness is a secondary goal but we cannot lose sight of the trading desk[']s other role of supporting new issue and the customer franchise"—*i.e.*, ensuring that Deutsche Bank was able to sell its RMBS and CDO securitizations to investors. Given the inherent conflict of interest between Lippmann's dual roles as the head of non-agency RMBS and CDO trading globally at Deutsche Bank, it is no surprise that Lippmann pleaded with his outside hedge fund clients who were "short" the RMBS Deutsche Bank was selling to keep his strategy a secret. In one email to a hedge fund client that was interested in "shorting" various RMBS, Lippmann explained that he did not want to scare investors or CDO managers away from purchasing RMBS issued by Deutsche Bank, requesting ***"please please do not forward these emails outside of your firm. . . . I do not want to be blamed by the new issue people [at Deutsche Bank] for destroying their business."***

146. For these reasons neither Lippmann nor anyone else at Deutsche Bank ever told the Irish SPVs that RMBS issued pursuant to the same ACE and DBALT shelves that Lippmann and his colleagues viewed as "crap" and "pigs" and that Deutsche Bank was betting would fail were actually worthless at the time that the Irish SPVs purchased those assets. Similarly, as the Senate Report concluded, investors in Gemstone 7 did not know what they were buying either:

> Deutsche Bank did not disclose to the eight investors whom it had solicited and convinced to buy Gemstone 7, ***that its global head trader of CDOs had an extremely negative view of a third of the assets in the CDO or that the bank's internal valuations showed that the assets had lost over $19 million in value since purchased."***

147. Indeed, the Senate Report noted the following disturbing concerns about Deutsche Bank and Gemstone 7, each of which "focuses on the poor quality of the financial product that Deutsche Bank helped assemble and sell:"

> The first is that Deutsche Bank allowed the inclusion of Gemstone 7 assets which its most senior CDO trader was asked to review and saw as likely to lose value.
>
> ***Second, the bank sold poor quality assets from its own inventory to the CDO.***
>
> Third, the bank aggressively marketed the CDO securities to clients despite the negative views of its most senior CDO trader, falling values, and the deteriorating market.
>
> ***Fourth, the bank failed to inform potential investors of Mr. Lippmann's negative views of the underlying assets*** and its inability to sell over a third of Gemstone's securities.

148. Deutsche Bank's massive bet against the RMBS (and others like them) that it created and sold to investors enabled Deutsche Bank to reap $1.5 billion in profits during 2007 and 2008. Lippmann told the Senate Subcommittee that he believes that profit to be "the largest profit obtained from a single position in Deutsche Bank history." Accordingly, while Deutsche Bank was able to soften the impact of the economic crisis on its own financial condition by relying on its massive short position, investors like the Irish SPVs were left holding hundreds of millions of dollars in securities with massive losses.

E. Deutsche Bank's Involvement In Offerings Sponsored By Other Investment Banks

149. Deutsche Bank was similarly immersed in the offerings that were underwritten by it and sponsored by other institutions as set forth below. As underwriter, Deutsche Bank had intimate relationships with the sponsors of these "non-principal" securitizations, as well as unique knowledge about the due diligence process. For example, Deutsche Bank had access to material, non-public information about: (1) the loan selection and securitization practices of the sponsors; (2) the origination and underwriting practices of the loan originators; and (3) the quality of the loan pools, including credit and compliance due diligence results, detailed borrower information, and the underlying loan files. With this insider knowledge, Deutsche

Bank reviewed draft Offering Materials describing the quality of the loans included in the securitizations and the riskiness of the Certificates before distributing the Offering Materials to certain of the Irish SPVs.

#	Offering	Sponsor	Depositor	Top Loan Originators
1	INDX 2006-AR27	IndyMac	Indymac	Indymac
2	NHEL 2007-1	NovaStar	NovaStar	NovaStar
3	PHHAM 2007-2	PHH Mortgage	Deutsche Alt-A	PHH Mortgage
4	RALI 2007-QO2	Residential Funding	Residential Accredit	Homecomings
5	RAMP 2007-RS1	Residential Funding	Residential Asset Mortgage	SunTrust GMAC

150. Deutsche Bank had other financial interests in the "non-principal" securitizations for which it acted as underwriter. For a majority of these securitizations, Deutsche Bank Trust served as the trustee of the trusts that backed the securitized RMBS underwritten by Deutsche Bank. As described above, ¶64, Deutsche Bank Trust ensured that the transfer of the RMBS certificates to the depositor was proper and that the required mortgage documentation for each loan was present and complete. After the securitization, Deutsche Bank Trust was required to calculate and deliver regular payments to investors, to prepare and make available to noteholders the monthly distribution reports which reflected, among other things, the number of delinquent and foreclosed loans in the offering, and to prepare periodic filings for the SEC. In this role, Deutsche Bank Trust had unique access to and insight into the loans securitized by the sponsors of these "non-principal" securitizations. Deutsche Bank Trust was paid a monthly fee for these services. In addition, Deutsche Bank AG often served as a "Swap Provider" (or "Swap Counterparty") or "Hedge Provider" in these "non-principal" securitizations, providing it with additional economic interests in the securitizations and access to unique information regarding each offering.

151. Deutsche Bank and IndyMac worked together to structure securitizations for

which IndyMac was the sponsor, including the INDX 2006-AR27 RMBS purchased by certain of the Irish SPVs. This collaboration enabled Deutsche Bank, along with IndyMac, to determine the number of loans that were included in the securitization, the quality of the loans that were included in the securitization, and the payment and collateralization hierarchy among the certificates that were included in each securitization. Indeed, as Deutsche Bank represented in the Prospectus Supplement for the INDX 2006-AR27 RMBS purchased by certain of the Irish SPVs: ***"[t]he sponsor works with the underwriters and rating agencies in structuring their securitization transactions***." Deutsche Bank therefore not only had access to non-public information about the riskiness of the certificates in those securitizations, it directly particpated in creating those certificates in the first instance. Deutsche Bank Trust was also the trustee for INDX 2006-AR27 and Deutsche Bank AG served as Swap Counterparty. Additionally between 2006 and 2007, Deutsche Bank served as the lead underwriter for over ***$5.4 billion*** in IndyMac sponsored offerings.

152. Deutsche Bank was also intimately familiar with underwriting and due diligence practices at NovaStar, the sponsor of the NHEL 2007-1 RMBS purchased by certain of the Irish SPVs. Between 2006 and 2007, defendant DBSI acted as lead underwriter for ***$2.9 billion*** in NovaStar sponsored offerings. Moreover, NovaStar also maintained a warehouse line of credit with defendants DBAG and DBSI, giving Deutsche Bank access to material non-public information about NovaStar's underwriting and due diligence practices, as well as the quality of loans for which NovaStar was an originator, such as loans backing the NHEL 2007-1 RMBS at issue here. As a major creditor of NovaStar, Deutsche Bank was able to control NovaStar's operations and employees, and access material non-public information about NovaStar-sponsored loans at all relevant times.

153. DBSI was also directly involved in creating the NHEL 2007-1, sponsored by NovaStar. As the Prospectus Supplements for NHEL 2007-1 stated: "***[t]he sponsor works with the underwriters and the ratings agencies to select the pool of mortgage loans and structure the transaction***." Thus, Deutsche Bank was very familiar with NovaStar's loan selection and securitization practices and the loans contained in the NHEL 2007-1 RMBS. Further, as the lead underwriter for these securitizations, Deutsche Bank conducted due diligence and reviewed material, non-public information about NovaStar's loan selection and securitization practices. Moreover, Deutsche Bank Trust was the trustee for these securitizations and Deutsche Bank AG served as Hedge Provider. As a result of its close collaboration with NovaStar, including its role in structuring and selecting the loans to include in the securitizations, the Deutsche Bank Defendants knew, or at a minimum recklessly disregarded, that the NHEL 2007-1 RMBS purchased by certain of the Irish SPVs was backed by exceptionally poor quality loans.

154. Deutsche Bank was also directly involved in creating the PHHAM 2007-2 RMBS purchased by certain of the Irish SPVs, for which PHH Mortgage ("PHH") was the sponsor. For example, defendant Deutsche Alt-A Securities acted as the depositor for this RMBS which meant that it received the underlying loans from PHH and then divided the cash flow and risks in the loan pool among the tranches. Deutsche Alt-A Securities, as depositor, also worked with PHH to create the stucture of the securitization, including determining the collateral for each tranche and whether loan groups supporting different tranches should be cross-collateralized or over-collateralized to support the overall securitization. Deutsche Bank AG also served as the Swap Provider for PHHAM 2007-2. In addition, defendant DBSI was a frequent securitizer of PHH-sponsored loans, underwriting over ***$2.44 billion*** in loans sponsored by PHH between 2006 and 2007. As a result of its close collaboration with PHH and the material non-public information

Deutsche Bank learned about PHH's underwriting and due diligence practices, Deutsche Bank knew, or at a minimum recklessly disregarded that the PHHAM 2007-2 RMBS was backed by exceptionally poor quality loans.

155. Deutsche Bank also maintained a very close relationship with Residential Funding, the sponsor of the RALI 2007-QO2 and RAMP 2007-RS1 RMBS purchased by certain of the Irish SPVs. Between 2006 and 2007, defendant DBSI was a key business partner of Residential Funding, serving as the lead underwriter for over ***$8.57 billion*** in mortgages sponsored by Residential Funding. As a result of this prolific business relationship, DBSI had access to material, non-public information about Residential Funding's underwriting and due diligence practices. Moreover, Deutsche Bank Trust served as trustee for RALI 2007-QO2, and as Swap Provider for RALI 2007-QO2 and RAMP 2007-RS1. Deutsche Bank thus knew, or at a minimum recklessly disregarded that the RALI 2007-QO2 and RAMP 2007-RS1 were backed by exceptionally poor quality loans.

156. As a result of its close collaboration with IndyMac, NovaStar, PHH, and Residential Funding, Deutsche Bank knew, or at a minimum recklessly disregarded, that the INDX 2006-AR27, NHEL 2007-1, PHHAM 2007-2, RALI 2007-QO2 and RAMP 2007-RS1 RMBS were backed by exceptionally poor quality loans.

VIII. THE DEUTSCHE BANK RMBS WERE FAR RISKIER THAN DISCLOSED

157. Deutsche Bank knew that contrary to its statements in the Offering Materials used to solicit the Irish SPVs' investments in the Deutsche Bank RMBS, the originators whose loans served as collateral for those RMBS routinely and egregiously violated their stated underwriting guidelines. As a result, the mortgages serving as collateral for the RMBS presented a materially higher risk to investors than represented by Deutsche Bank. Through Deutsche Bank's due diligence process, as well as its intimate knowledge of the originators' underwriting practices

gleaned through its relationships, including its warehouse lending, with some of the most prominent originators that supplied the loans backing the Deutsche Bank RMBS, Deutsche Bank knew of these violations and concealed them from the Irish SPVs.

158. As set forth below and in Exhibits A-F, the Deutsche Bank Offering Materials misrepresented:

- that Deutsche Bank conducted due diligence to determine whether the original loan sellers complied with the underwriting guidelines that applied to the loans they reviewed and that the underwriting guidelines utilized by the originators were primarily intended to assess the borrowers' ability to repay, that exceptions to the underwriting guidelines would be made on a case by case basis and only when compensating factors existed, and that borrowers were required to submit application packages containing information relating to the borrowers' creditworthiness which was to be verified in many circumstances (Exhibit A);

- that property appraisals conformed with the standards established by the Uniform Standards of Professional Appraisal Practice ("USPAP") and the true level of the LTV/CLTV ratios of the mortgage loans (Exhibit B);

- the DTI limits of the collateralized loans (Exhibit C);

- the level of owner-occupied homes that secured the mortgages (Exhibit D);

- that the mortgage documents would be properly transferred and assigned to the trust (Exhibit E); and

- that the credit ratings assigned to the Certificates indicated the likelihood of the receipt of payment by certificateholders (Exhibit F).

A. DBSP and MortgageIT Violated Their Underwriting Guidelines

159. As detailed above, Deutsche Bank entities were steeped in every aspect of the securitization process, including the origination of the mortgage loans underlying the Deutsche Bank RMBS. Defendant DBSP acted as the sponsor and MortgageIT acted as an originator for many of the Deutsche Bank RMBS purchased by the Irish SPVs. The fact that Deutsche Bank itself controlled these entities provides compelling evidence that Deutsche Bank ***knew*** the loans

backing the Deutsche Bank RMBS failed to meet the established underwriting guidelines represented in the relevant Offering Materials set forth below.

160. In addition to its role as the sponsor of the ACE 2007-ASAP1 and ACE 2007-ASAP2 RMBS purchased by certain of the Irish SPVs, defendant DBSP also acquired loans from various third-party originators through its correspondent lending program – who were not identified in the prospectus supplements for DBSP-sponsored securitizations – for inclusion in the RMBS that Deutsche Bank sold to certain of the Irish SPVs. The prospectus supplements for the ACE 2007-ASAP1 and ACE 2007-ASAP2 RMBS merely stated that the ***"Mortgage Loans were previously purchased by the Sponsor [DBSP] directly from various third-party originators who originated the Mortgage Loan[s] in accordance with the Sponsor's underwriting guidelines."*** Certain of the Irish SPVs had no way to identify the originators for these two offerings and were therefore completely dependent on DBSP's representations that those loans had been originated through DBSP's correspondent lending program according to DBSP's own underwriting guidelines and matched Deutsche Bank's reputation.

161. Deutsche Bank also represented in the prospectus supplements for these RMBS purchased by certain of the Irish SPVs that DBSP reviewed the mortgage loans that DBSP purchased to ensure conformity with prudent underwriting standards, including by performing a full re-underwriting of a random sampling of the loans it purchased for securitization in order to ensure the quality and soundness of those loans. For example, Deutsche Bank made this and/or similar representations in the Offering Materials regarding the loans acquired by DBSP for securitization into the ACE 2007-ASAP2 RMBS purchased by certain of the Irish SPVs. The ACE 2007-ASAP2 prospectus supplement states, in relevant part, as follows:

> Mortgage Loans were previously purchased by the Sponsor directly from various third-party originators ***who originated the***

> ***Mortgage Loans in accordance with the Sponsor's underwriting guidelines***.
>
> * * *
>
> All of the Mortgage Loans were acquired by the Depositor from the Sponsor. ***The Mortgage Loans were originated by various third party originators pursuant to the underwriting standards described in this section and were reviewed by the Sponsor to ensure conformity with such underwriting standards. The Sponsor's underwriting standards are primarily intended to assess the ability and willingness of a borrower to repay the debt of the mortgage loan and to evaluate the adequacy of the related mortgaged property as collateral for the mortgage loan.*** All of the Mortgage Loans were underwritten with a view towards resale in the secondary mortgage market. ***In underwriting a mortgage loan, the Sponsor considers, among other things, a mortgagor's credit history, repayment ability and debt service-to-income ratio (referred to in this section of the prospectus supplement as the "Debt Ratio"), as well as the value, type and use of the mortgaged property.***
>
> * * *
>
> ***All of the Mortgage Loans were reviewed by the Sponsor's contract underwriters. On a case by case basis, the Sponsor may determine that, based upon compensating factors, a prospective borrower who does not strictly qualify under the underwriting risk category guidelines described below warrants an underwriting exception.*** Compensating factors may include, but are not limited to, low loan-to-value ratio, low Debt Ratio, substantial liquid assets, good credit history, stable employment and time in residence at the applicant's current address. ***It is expected that an insignificant portion of the Mortgage Loans may represent such underwriting exceptions.***

162. MortgageIT, which was purchased by DBSP in 2006, originated loans contained in the DBALT 2006-AR4, DBALT 2006-AR6, DBALT 2007-AR1, DBALT 2007-AR2 and MHL 2007-1 RMBS. As detailed above at ¶¶102-12, Deutsche Bank knew of MortgageIT's improper practices – which were motivated by sales, not loan quality or a borrower's ability to repay – yet represented to certain of the Irish SPVs that MortgageIT's underwriting guidelines were primarily intended to assess the borrower's ability to repay the mortgage loan. The types of

statements Sealink alleges to be false and misleading are set forth in ¶158 and the specific statements are incorporated in Exhibits A-F attached to this Complaint. For example, Deutsche Bank represented in the prospectus supplement for the DBALT 2007-AR2 RMBS with regard to MortgageIT's underwriting guidelines that:

> ***MortgageIT's underwriting philosophy is to weigh all risk factors inherent in the loan file, giving consideration to the individual transaction, borrower profile, the level of documentation provided and the property used to collateralize the debt.*** Because each loan is different, MortgageIT expects and encourages underwriters to use professional judgment based on their experience in making a lending decision. ***MortgageIT underwrites a borrower's creditworthiness based solely on information that MortgageIT believes is indicative of the applicant's willingness and ability to pay the debt they would be incurring.***

163. The above statements of material fact concerning DBSP's and MortgageIT's purported quality underwriting and prudent due diligence were false and misleading when made because as discussed in detail above in section VII.A.3, DBSP and MortgageIT: (i) completely disregarded their own established underwriting and loan purchasing guidelines, and issued and/or purchased mortgage loans regardless of the borrowers' ability to repay the mortgage loans; (ii) issued and/or purchased mortgage loans originated pursuant to inflated appraisals, which did not conform to the appraisal standards of Fannie Mae and Freddie Mac; (iii) allowed pervasive and undisclosed exceptions to their underwriting and loan purchasing guidelines in the absence of compensating factors; and (iv) routinely misrepresented and manipulated a borrower's income, assets, and employment information in order to fuel Deutsche Bank's securitization pipeline.

164. As discussed above, DBSP, through its correspondent lending program, arranged to purchase subprime loans for its RMBS before they were even originated, but knew from its own EPD tracking program that those loans were defaulting within the first few months after

issuance at astoundingly high rates. The loans that DBSP purchased from correspondent lenders, which were purported to be audited and underwritten by Lydian were also at least 80% deficient, according to CW 1, a director of risk and compliance at Lydian who performed due diligence on loans for DBSP. Indeed, CW 1 explained that these deficiencies included inflated appraisal valuations, forged income documentation, and forced W2's, among other problems. Eugene Xu, asset-backed security research analyst and trading strategist from 2000-2010 and Lippmann's top shorting analyst, similarly testified before the FCIC that Deutsche Bank traders were aware of "inflated appraisal" which they thought was "fraud."

165. Moreover, at the same time that Deutsche Bank vouched for the quality of the loans contained in the ACE 2007-ASAP1 and ACE 2007-ASAP2 RMBS purchased by certain of the Irish SPVs, stating that ***"[i]t is expected that an insignificant portion of the Mortgage Loans may represent . . . underwriting exceptions,"*** Deutsche Bank's employees, including its global head of RMBS, Greg Lippmann, were internally decrying the quality of the ACE shelf of RMBS pursuant to which these RMBS were issued. As discussed above at ¶139, Deutsche Bank employees secretly viewed the ACE shelf as ***"generally horrible"; a "piece o crap"; and "not good."***

166. The loans originated by MortgageIT fared no better. As Deutsche Bank admitted in the Stipulation and Settlement it entered into with the Government on May 10, 2012 and as CW 2, a compliance manager at MortgageIT confirmed, Deutsche Bank knew that the loans originated by MortgageIT had serious deficiencies that were not disclosed and were concealed from investors like certain of the Irish SPVs. Indeed, as discussed in detail above, according to CW 2, MortgageIT functionally ignored its compliance obligations and routinely originated

loans purchased by Deutsche Bank for inclusion in securitizations, such as those at issue here, with complete disregard for loan quality.

167. DBSP and MortgageIT's systematic failure to issue mortgage loans in accordance with its established underwriting guidelines has caused severe losses to the Irish SPVs and Sealink. On average, ***over 39%*** of the principal balance of the loans backing the RMBS set forth below, which are comprised of MortgageIT and DBSP-originated loans and which the Irish SPVs purchased, stood seriously delinquent as of September 2012 as reflected in the chart below.

#	Offering	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.	Sept. 2012
1	ACE 2007-ASAP1	27.55	33.48	37.02	30.10	25.76	25.83
2	ACE 2007-ASAP2	23.08	33.11	35.52	34.83	33.22	32.34
3	DBALT 2006-AR4	7.92	24.65	39.78	42.18	38.01	35.06
4	DBALT 2006-AR6	11.17	29.76	43.41	46.75	44.15	41.68
5	DBALT 2007-AR1	11.55	34.54	54.84	56.18	56.53	53.24
6	DBALT 2007-AR2	13.85	36.49	52.86	57.13	52.72	50.51
7	MHL 2007-1	19.88	37.22	42.06	36.24	36.35	36.24
	Averages	**16.42**	**32.75**	**43.64**	**43.34**	**40.96**	**39.27**

B. Countrywide Violated Its Underwriting Guidelines

168. Countrywide Home Loans ("Countrywide") was one of the worst mortgage originators and securitizers in the country. Counsel's investigation has shown that Countrywide originated and purchased loans regardless of their quality as long as Countrywide believed that it could sell those loans into a securitization. This fraudulent business model permeated every level of the organization. Countrywide originated a significant portion of the loans contained in the DBALT 2006-AR4, DBALT 2006-AR6, DBALT 2007-1, DBALT 2007-OA1 and all of the loans in the DBALT 2007-OA4 RMBS purchased by certain of the Irish SPVs.

169. In June 2009, the SEC brought securities fraud and insider trading charges against Countrywide's three most senior executives. As a result of the SEC action, numerous internal

Countrywide emails, committee notes, memos and deposition testimony were disclosed to the public in 2010 during the litigation of the executives' unsuccessful motion for summary judgment in that action evidencing the extent of Countrywide's fraudulent practices. As disclosed in those emails and testimony, beginning no later than 2005, Countrywide used three levels of loan origination and underwriting exceptions to generate billions of dollars in defective mortgages. First, if Countrywide's automated underwriting system discovered problems with a mortgage application because it failed to meet one of the standards underwriting criteria, including criteria used to assess borrower quality and collateral value, the application would be sent to a loan officer for manual underwriting in Countrywide's "Exception Processing System." If the loan officer could not approve the application, the loan would not be rejected. Rather the loan officer would request an "exception" from the guidelines from more senior underwriters at Countrywide's loan production structured lending desk ("Production SLD"), otherwise known as "the exception desk." The Production SLD granted exceptions pursuant to Countrywide's "matching policy," also known as the "shadow guidelines"—any mortgage application would be approved if it "matched" the most aggressive mortgage approval policy of any loan origination competitors, even if the mortgage violated Countrywide's stated underwriting guidelines. Finally, if a mortgage application was still not approved pursuant to the shadow guidelines, it was sent to the secondary markets structured lending desk (the "Secondary Markets SLD") which would accept ***any*** loan – regardless of the risk level of likelihood of default – as long as the loan could be resold for securitization. As Countrywide's chief financial officer, David Sambol, stated in a February 13, 2005 email that was publicly released in 2010, Countrywide "should be willing to price virtually ***any loan that we reasonably believe we can sell/securitize without losing money, even if other lenders can't or won't do the deal***."

170. In testimony released to the public in 2010, Countrywide's managing director for secondary markets, Joshua Adler, confirmed during his deposition in an SEC enforcement action that Countrywide used different levels of exceptions and shadow guidelines to approve non-compliant loans in the ordinary course of business, and that Secondary Markets SLD did not review mortgages from an underwriting point of view, but only from their potential for securitization:

> Q. Do you know whether Countrywide sometimes originated loans that were considered to be exceptions to its underwriting guidelines?
>
> A. We did.
>
> Q. To your knowledge, was there a process by which such loans were approved?
>
> * * *
>
> A. There generally was, yes.
>
> Q. And what is your understanding of that process?
>
> A. Well, I was -- I was at the tail end of that process. ***There was -- we had guidelines, we had kind of core guidelines, and then we had these shadow guidelines, which were the kind of the second tier guideline, if you will. And then there was this third tier which would come to me.***
>
> But essentially there were -- the tiering of guidelines related to the kind of the exception process. And there was an underwriting, they called it, Structured Loan Desk process in the divisions where loans would get referred to the Structured Loan Desk if they were outside, I believe, of kind of the core guidelines. ***And then if those loans were outside of even the shadow guidelines, then they would be referred to Secondary Marketing to determine if the loan could be sold given the exception that was being asked for.***
>
> * * *
>
> Q. ***Was one of the criteria for granting exceptions at the Secondary Loan Desk in Secondary Marketing whether or not the loan could be sold into the secondary market?***
>
> A. ***That was the only criteria that we followed.***

171. Additional emails disclosed in 2010 revealed that, as far back as September 2004, Countrywide maintained a negative view of the loans it originated and sold to investors. Indeed, former Countrywide chief executive officer, Angelo Mozilo, circulated an email in 2004, expressing concern over the clear deterioration in the credit quality of loans being originated over the past several years" and stated his opinion that the "trend is getting worse." In reaction to the worsening trend, Mozilo stated that Countrywide should "seriously consider securitizing and selling a substantial portion of our current and future subprime residuals." Moreover, a June 28, 2005 Countrywide Corporate Credit Risk Committee presentation revealed to senior executives that one-third of the loans rejected by Countrywide's own underwriting guidelines and approved pursuant to exceptions missed "major" underwriting guidelines, and another one-third missed "minor" underwriting guidelines. The presentation also informed the committee that exceptions-based loans greater than $650,000 were performing 2.8 times worse than similar loans underwritten within guidelines.

172. Numerous former Countrywide employees interviewed by Sealink's counsel confirm Countrywide's systematic failure to issue loans pursuant to its stated underwriting standards. CW 5, a Countrywide loan underwriter in Jacksonville, Florida between June 2006 and April 2007, stated that as much as 80% of Countrywide's loans involved significant variations from Countrywide's underwriting standards. CW 5 further stated that Countrywide's management pressured underwriters to approve as many loans as possible, and that this pressure came from "up top" because management was paid based, at least in part, on the volume of loans originated. Moreover, according to CW 5, most rejected loans would "come back to life" when new information would "miraculously appear."

173. CW 6, a Countrywide Executive Vice President of Production Operations and Executive Vice President of Process Improvement, who worked at Countrywide for 17 years before leaving in October 2005, explained that Countrywide created a computer system (or "rules engine") that routed very risky loans out of the normal loan approval process to a central underwriting group for evaluation. According to CW 6, loans identified by this "Exception Processing System" as violating Countrywide's underwriting standards were not rejected. Rather, Countrywide's central underwriting group was instructed to review such loans to evaluate whether they could fetch a higher price or a higher interest rate because of the non-compliance with the underwriting standards.

174. Deutsche Bank knew of Countrywide's improper practices yet represented to certain of the Irish SPVs that Countrywide's underwriting guidelines were primarily intended to assess the borrower's ability to repay the mortgage loan. The types of statements Sealink alleges to be false and misleading are set forth in ¶158 and the specific statements are incorporated in Exhibits A-F attached to this Complaint. For example, Deutsche Bank represented in the prospectus supplement for the DBALT 2006-AR4 RMBS with regard to Countrywide's underwriting guidelines that:

> ***Countrywide Home Loans' underwriting standards are applied in accordance with applicable federal and state laws and regulations.***
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> Countrywide Home Loans' underwriting standards are ***applied by or on behalf of Countrywide Home Loans to evaluate the prospective borrower's credit standing and repayment ability and the value and adequacy of the mortgaged property as collateral.*** Under those standards, a prospective borrower must generally demonstrate that the ratio of the borrower's monthly housing expenses (including principal and interest on the proposed mortgage loan and, as applicable, the related monthly portion of

> property taxes, hazard insurance and mortgage insurance) to the borrower's monthly gross income and the ratio of total monthly debt to the monthly gross income (the "debt-to-income" ratios) are within acceptable limits.
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> For all mortgage loans originated or acquired by Countrywide Home Loans, Countrywide Home Loans obtains a credit report relating to the applicant from a credit reporting company.
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> Except with respect to the mortgage loans originated pursuant to its Streamlined Documentation Program, whose values were confirmed with a Fannie Mae proprietary automated valuation model, ***Countrywide Home Loans obtains appraisals from independent appraisers or appraisal services for properties that are to secure mortgage loans***. The appraisers inspect and appraise the proposed mortgaged property and verify that the property is in acceptable condition. Following each appraisal, the appraiser prepares a report which includes a market data analysis based on recent sales of comparable homes in the area and, when deemed appropriate, a replacement cost analysis based on the current cost of constructing a similar home. ***All appraisals are required to conform to Fannie Mae or Freddie Mac appraisal standards then in effect.***

175. Deutsche Bank also represented in the same prospectus supplement that Countrywide applied limits to borrowers' DTI ratios of between 33% and 38%. *See* Exhibit C.

176. These statements were false and misleading when made because they misrepresented the true facts, known by Deutsche Bank, that Countrywide: (i) systematically failed to apply sound underwriting standards and practices cutting across all of the loans it originated and (ii) ignored reports of fraudulent borrower incomes.

177. Countrywide's systematic failure to issue mortgage loans in accordance with its established underwriting guidelines has caused severe losses to certain of the Irish SPVs and Sealink. ***Over 41%*** of the principal balance of the loans backing the DBALT 2006-AR4, DBALT 2006-AR6, DBALT 2007-1, DBALT 2007-OA1 and DBALT 2007-OA4 RMBS set

forth below, which is comprised entirely of Countrywide-originated loans and which certain of the Irish SPVs purchased, stood seriously delinquent as of September 2012 as reflected in the chart below.

	Offering	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.	Sept. 2012
1	DBALT 2006-AR4	7.92	24.65	39.78	42.18	38.01	35.06
2	DBALT 2006-AR6	11.17	29.76	43.41	46.75	44.15	41.68
3	DBALT 2007-1	14.37	32.93	38.87	37.08	38.49	37.31
4	DBALT 2007-OA1	9.18	34.82	47.53	44.54	44.00	44.25
5	DBALT 2007-OA4	8.90	32.63	45.28	47.58	50.21	48.53
	Averages	10.30	30.95	42.97	43.62	42.72	41.36

C. American Home Violated Its Underwriting Guidelines

178. American Home Mortgage ("American Home") was ranked as the eleventh worst mortgage originator on the OCC Index to the Worst Subprime Originators based on the foreclosure rates of mortgage loans originated in metropolitan areas between 2005 and 2007. American Home originated loans backing three Deutsche Bank RMBS purchased by certain of the Irish SPVs: DBALT 2007-AR1, DBALT 2007-AR2, and DBALT 2007-BAR1.

179. In 2009, the SEC instituted fraud charges against the former top executives of American Home for their role in misleading investors regarding American Home's systematic disregard for sound underwriting standards and risky lending practices that ultimately led to the lender's demise. As was later revealed, American Home was anything but the "prime" lender it was represented to be, but rather routinely issued high-risk loans to borrowers with poor credit in order to drive growth and capture additional yield. American Home's former CEO paid $2.5 million to settle the SEC's fraud charges.

180. As reflected in an October 2005 internal American Home "Credit Update" presentation obtained by Sealink's counsel, American Home's underwriting guidelines became

so lax as to be rendered essentially meaningless. Specifically, the internal credit update explained that these new "guideline interpretations" included: (i) not requiring verification of income sources on stated income loans; (ii) reducing the amount of time needed to have lapsed from the date in which the borrower was in bankruptcy or credit counseling; (iii) reducing the required documentation for self-employed borrowers; and (iv) broadening the acceptable use of second and third loans to cover the full property value.

181. Indeed an internal American Home e-mail sent on November 2, 2006 that was obtained by Sealink's counsel from an American Home senior vice president and co-creator of the American Home's "Choice Point Loans" program, stated that American Home would make a loan to virtually any borrower, regardless of the borrower's ability to verify income, assets or even employment. That e-mail specifically encouraged loan officers to make a variety of loans that were inherently risky and extremely susceptible to delinquencies and default, including (1) stated income loans, where both the income and assets of the borrower were taken as stated on the credit application without verification; (2) "NINA" or No Income, No Asset loans, which allowed for loans to be made without any disclosure of the borrower's income or assets; and (3) "No Doc" loans, which allowed loans to be made to borrowers who did not disclose their income, assets or employment history.

182. Numerous former American Home employees interviewed by Sealink's counsel agreed that American Home abandoned its stated underwriting guidelines. According to CW 7, a former senior underwriter at American Home from 2002 to 2007, American Home underwriters' objections to loans were frequently vetoed. CW 7 stated that underwriters would "say[] 'no way' on a lot of things, 'I would never give a borrower a loan like this,'" but the loans would be approved anyway. According to CW 7, loans would be approved over the

underwriter's objection if he refused to put his name on a loan, and that this "happened more than it should have."

183. Moreover, American Home permitted numerous "exceptions" to its underwriting standards in the absence of compensating factors. CW 8, an assistant vice president for direct consumer lending in American Home's loan origination business segment between July 2006 and August 2007, explained that exceptions were always being made to the underwriting guidelines. When CW 8's staff raised concerns with the sales department about loans that did not meet the underwriting guidelines, the sales department would contact the Melville, New York, headquarters to approve an exception to those guidelines so that the loan could be completed. Examples of such exceptions included reducing the required credit score or increasing the loan-to-value ratio. CW 8 stated that, when the exception at issue involved accepting a reduced credit score, it was commonplace to overrule the objections of the underwriters in order to complete the loan.[20]

184. Deutsche Bank knew of American Home's improper practices yet represented to certain of the Irish SPVs that American Home's underwriting guidelines were primarily intended to assess the borrower's ability to repay the mortgage loan. The types of statements Sealink alleges to be false and misleading are set forth in ¶158 and the specific statements are incorporated in Exhibits A-F attached to this Complaint. For example, Deutsche Bank represented in the prospectus supplement for the DBALT 2007-AR2 RMBS with regard to American Home's underwriting guidelines that:

> ***The mortgage loans have been purchased or originated, underwritten and documented in accordance with the guidelines of Fannie Mae, Freddie Mac, the Federal Housing***

[20] CW 9, who reviewed the underwriting of loans before they were sold to secondary market investors for American Home from July 2005 through April 2007, stated that exceptions to underwriting guidelines were made "all the time."

> ***Administration (FHA), the U.S. Department of Veterans Affairs (VA), the U.S. Department of Agriculture Guaranteed Rural Housing Program (GRH), Ginnie Mae, the underwriting guidelines of specific private investors, and the non-conforming or Alt-A underwriting guidelines established by American Home***.
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> ***American Home's underwriting philosophy is to weigh all risk factors inherent in the loan file***, giving consideration to the individual transaction, borrower profile, the level of documentation provided and the property used to collateralize the debt. These standards are applied in accordance with applicable federal and state laws and regulations. Exceptions to the underwriting standards may be permitted where compensating factors are present.

185. American Home's reckless origination practices described above had a devastating effect on the value of the certificates backed by American Home loans and the average delinquency rates of the loans backing the RMBS certain of the Irish SPVs purchased has soared. On average, ***over 49%*** of the principal balance of the loans backing the RMBS set forth below, which are comprised substantially of American Home-originated loans, stood seriously delinquent as of September 2012:

#	Offering	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.	Sept. 2012
1	DBALT 2007-AR1	11.55	34.54	54.84	56.18	56.53	53.24
2	DBALT 2007-AR2	13.85	36.49	52.86	57.13	52.72	50.51
3	DBALT 2007-BAR1	18.21	37.33	47.95	45.99	44.36	44.27
	Averages	**14.53**	**36.12**	**51.88**	**53.1**	**51.20**	**49.34**

D. IndyMac Violated Its Underwriting Guidelines

186. IndyMac Bank, F.S.B. ("IndyMac"), specialized in originating and securitizing high risk non-prime mortgages, including adjustable rate mortgages, and ranked as the twelfth worst mortgage originator on the OCC Index to the Worst Subprime Originators between 2005 and 2007. IndyMac served as the originator for a significant portion of the loans included in the

DBALT 2007-OA2, DBALT 2007-AR1 and DBALT 2007-BAR1 RMBS which certain of the Irish SPVs purchased, and as the sole originator for all the loans included in the INDX 2006-AR27 RMBS purchased by certain of the Irish SPVs.

187. An investigation by the Center for Responsible Lending ("CRL") uncovered "substantial evidence that IndyMac Bank and its parent, IndyMac Bancorp., engaged in unsound and abusive lending during the mortgage boom, routinely making loans without regard to borrowers' ability to pay." Based on its investigation including interviews with former IndyMac employees, the CRL determined that IndyMac "pushed through loans based on bogus appraisals and income data that exaggerated borrowers' finances." For example, numerous former employees—most of whom were loan underwriters responsible for reviewing loan applications—"described an atmosphere where the hunger to close loans ruled" and stated that "***IndyMac pushed through loans with fudged or falsified information or simply lowered standards so dramatically that shaky loans were easy to approve.***" Wesley Miller, an IndyMac loan underwriter in California between 2005 and 2007, stated that the refrain from IndyMac managers in response to his objections was simple: "***Find a way to make this work.***"

188. On February 26, 2009, the Office of the Inspector General of the U.S. Treasury Department issued a report entitled "Safety and Soundness: Material Loss Review of IndyMac Bank FSB," also finding that IndyMac encouraged the use of unsound underwriting practices and that for the loans reviewed by OIG, there was "little, if any review of borrower qualifications, including income, assets and employment." The OIG "also found weakness with property appraisals obtained to support the collateral of the loans" including, for example, "instances where IndyMac officials accepted appraisals that were not in compliance with the Uniform Standard of Professional Appraisal Practice (USPAP)." The OIG determined that IndyMac

remained profitable despite its shoddy loan origination practices as long as it was able to sell the resulting poor-quality loans into securitizations. As the OIG reported:

> IndyMac often made loans without verification of the borrower's income or assets, and to borrowers with poor credit histories. Appraisals obtained by IndyMac on underlying collateral were often questionable as well. As an Alt-A lender, IndyMac's business model was to offer loan products to fit the borrower's needs, using an extensive array of risky option-adjustable-rate mortgages (option ARMs), subprime loans, 80/20 loans, and other nontraditional products. Ultimately loans were made to many borrowers who simply could not afford to make their payments. ***Regardless, [IndyMac] remained profitable as long as it was able to sell those loans in the secondary mortgage market.***

189. IndyMac's senior management was aware of IndyMac's widespread and systematic unsound lending and securitization practices. For example, IndyMac's internal audit group reported problems with IndyMac's loan origination practices to senior management in 2005. In addition, IndyMac's independent auditor reported IndyMac's division for purchasing and selling loans as a "financial reporting control deficiency" in 2006.

190. Indeed, on February 11, 2011, the Securities and Exchange Commission ("SEC") charged three former executives of IndyMac, including its former chief executive officer, and two former chief financial officers, with securities fraud. Among other fraudulent activity, the SEC alleged that one former chief financial officer made false and misleading statements about the collateral underlying six offerings of RMBS totaling $2.5 billion. In particular, monthly internal reports revealed that nearly 20 percent of the securitized loans contained misrepresentations regarding critical loan and borrower characteristics, in plain contrast to the assurances in the offering documents for these securities. This chief financial officer was charged with both failing to ensure that the quality of IndyMac's loans was accurately disclosed and failing to disclose that adverse information regarding the misrepresentations contained in those loans had in fact been brought to IndyMac's attention. These charges were settled for over

$100,000 in penalties, disgorgement, and interest, and the chief financial officer also consented to an administrative order suspending him from practicing as an accountant before the SEC.

191. Deutsche Bank knew of IndyMac's improper practices yet represented to certain of the Irish SPVs that IndyMac's underwriting guidelines were primarily intended to assess the borrower's ability to repay the mortgage loan. The types of statements Sealink alleges to be false and misleading are set forth in ¶158 and the specific statements are incorporated in Exhibits A-F attached to this Complaint. For example, Deutsche Bank represented in the prospectus supplement for the DBALT 2007-OA2 RMBS with regard to IndyMac's underwriting guidelines that:

> ***Mortgage loans that are acquired by IndyMac Bank are underwritten by IndyMac Bank according to IndyMac Bank's underwriting guidelines, which also accept mortgage loans meeting Fannie Mae or Freddie Mac guidelines*** regardless of whether such mortgage loans would otherwise meet IndyMac Bank's guidelines, or pursuant to an exception to those guidelines based on IndyMac Bank's procedures for approving such exceptions. Conventional mortgage loans are loans that are not insured by the FHA or partially guaranteed by the VA.
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> IndyMac Bank's underwriting criteria for traditionally underwritten mortgage loans includes an analysis of the borrower's credit history, ability to repay the mortgage loan and the adequacy of the mortgaged property as collateral. Traditional underwriting decisions are made by individuals authorized to consider compensating factors that would allow mortgage loans not otherwise meeting IndyMac Bank's guidelines.
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> To determine the adequacy of the property to be used as collateral, ***an appraisal is generally made of the subject property in accordance with the Uniform Standards of Profession Appraisal Practice***. The appraiser generally inspects the property, analyzes data including the sales prices of comparable properties and issues an opinion of value using a Fannie Mae/Freddie Mac appraisal

report form, or other acceptable form. In some cases, an automated valuation model (AVM) may be used in lieu of an appraisal.

192. IndyMac's reckless origination practices described above had a devastating effect on the value of the certificates backed by IndyMac loans and the average delinquency rates of the loans backing the RMBS certain of the Irish SPVs purchased has soared. On average, ***over 41%*** of the principal balance of the loans backing the RMBS set forth below, which is comprised substantially of IndyMac-originated loans, stood seriously delinquent as of September 2012:

	Offering	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.	Sept. 2012
1	DBALT 2007-OA2	7.49	32.74	46.09	43.22	43.68	43.99
2	DBALT 2007-AR1	11.55	34.54	54.84	56.18	56.53	53.24
3	DBALT 2007-BAR1	18.21	37.33	47.95	45.99	44.36	44.27
4	INDX 2006-AR27	5.21	19.66	32.03	31.83	31.86	25.67
	Averages	**10.62**	**31.07**	**45.23**	**44.31**	**44.11**	**41.79**

E. WMC Mortgage Violated Its Underwriting Guidelines

193. WMC Mortgage ("WMC"), the sole originator of the loans included in the ACE 2007-WM1 purchased by certain of the Irish SPVs, was ranked on the OCC's list of the worst loan originators in the country from 2005-2007. As *Reuters* has reported, WMC originated "some of the worst performing loans in the…$575 billion market for home equity asset-backed securities."

194. In a January 6, 2012 expose of the *Center for Public Integrity*, former WMC quality control manager David Riedel stated that his quality control team of a dozen people in Southern California found widespread mortgage fraud as early as 2005, including fake proofs of employment, fake verifications of borrower rent payment history, and fake borrower income verifications. For example, Riedel discovered that WMC employees were fabricating borrower

income verifications and creating bogus W-2 tax forms with computer software that allowed them to create W-2 forms from scratch.

195. In 2005, Riedel's team performed a loan audit revealing many instances of fraud and other defects such as missing documents. However, when Riedel reported the audit findings to officials at WMC's parent, General Electric, Riedel was demoted and forced to sit at a desk for months without an office, staff, or job title. As Riedel explained "I didn't have any files [and] I basically stared out of a window." Another former WMC executive confirmed Riedel's account, stating: "[h]e was branded as a whistleblower and not a team player. They didn't exactly fire him. They just marginalized him and he didn't really have anything to do." Riedel was not alone. The *Center for Public Integrity* investigation discovered that management also ignored reports of inflated borrower incomes and other fraudulent loan applications by WMC loan auditor Gail Roman in New York. As Roman stated, "[t]hey didn't want to hear what you found, even if you had enough documentation to show that there was fraud or questionable activity." Another former WMC fraud investigator confirmed the accounts of Riedel and Roman, stating: "***It was ugly. I would have nightmares about some of the things I'd find in a file. I'd wake up in the middle of the night going, 'Oh my God, how did this happen?'"***

196. The *Center for Public Integrity* further uncovered that when Riedel was given back some responsibilities, he performed an audit of poorly-performing loans and began developing software to automatically detect fraudulent loan applications. In May 2006, Riedel presented the results of the audit to General Electric executives, noting that ***78% of the loans had been fraudulent, containing misrepresentations about borrowers' incomes or employment***. Again, Riedel's message was not welcome, and the software program he developed was not adopted. As one WMC executive reportedly said, "***Fraud pays.***"

197. On January 12, 2012, the *Los Angeles Times* reported that the FBI is investigating WMC's potentially criminal business practices. As the newspaper reported, "[t]he government is asking whether WMC used falsified paperwork, overstated income and other tactics to push through questionable loans" and focuses on "whether senior managers condoned improper practices that enabled fraudulent loans to be sold to investors."

198. Deutsche Bank knew of WMC's improper practices yet represented to certain of the Irish SPVs that WMC's underwriting guidelines were primarily intended to assess the borrower's ability to repay the mortgage loan. The types of statements Sealink alleges to be false and misleading are set forth in ¶158 and the specific statements are incorporated in Exhibits A-F attached to this Complaint. For example, Deutsche Bank represented in the prospectus supplement for the ACE 2007-WM1 RMBS with regard to WMC's underwriting guidelines that:

> The Underwriting Guidelines are primarily intended to (a) determine that the borrower has the ability to repay the mortgage loan in accordance with its terms and (b) determine that the related mortgaged property will provide sufficient value to recover the investment if the borrower defaults. ***On a case-by-case basis WMC may determine that, based upon compensating factors, a prospective mortgagor not strictly qualifying under the underwriting risk category or other guidelines described below warrants an underwriting exception.***
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> The Underwriting Guidelines require that the documentation accompanying each mortgage loan application include, among other things, a tri-merge credit report on the related applicant from a credit reporting company aggregator.

199. WMC's reckless origination practices described above had a devastating effect on the value of the certificates backed by WMC loans and the average delinquency rates of the loans backing the RMBS certain of the Irish SPVs purchased has soared. On average, ***over 67%***

of the principal balance of the loans backing the RMBS set forth below, which is comprised entirely of WMC-originated loans, stood seriously delinquent as of September 2012:

Offering	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.	Sept. 2012
ACE 2007-WM1	30.42	62.87	73.94	73.31	68.76	67.12

F. GreenPoint Violated Its Underwriting Guidelines

200. GreenPoint Mortgage ("GreenPoint") was ranked as the thirteenth worst mortgage originator on the OCC's 2008 Index to the Worst Subprime Originators. GreenPoint served as an originator in the DBALT 2006-AR4 RMBS that certain of the Irish SPVs purchased.

201. According to a review of documentation in connection with a lawsuit against GreenPoint based on the failures in GreenPoint's origination and underwriting practices, ***93%*** of the GreenPoint loans suffered from serious defects.[21] Discovered defects included:

- pervasive misrepresentations and/or negligence with respect to the statement of income, assets, or employment of the borrower;
- misrepresentations of the borrower's intent to occupy the property as the borrower's residence and subsequent failure to so occupy the property;
- inflated and fraudulent appraisal values; and
- pervasive violations of GreenPoint's own underwriting guidelines and prudent mortgage-lending practices, including loans made to borrowers (i) who made unreasonable claims as to their income, (ii) with multiple, unverified social-security numbers, (iii) with credit scores below the required minimum, (iv) with debt-to-income and/or loan-to-value ratios above the allowed maximum or (v) with relationships to GreenPoint or other non-arm's-length relationships.

202. The review of GreenPoint documents also determined that two years after the closing of the securitized transaction, approximately 29% of the loans in the original loan pool

[21] *U.S. Bank Nat'l Ass'n v. GreenPoint Mortg. Funding, Inc.*, Index No. 600352/2009 (Sup. Ct. New York County Feb. 5, 2009); *Bank of Am., N.A. v. GreenPoint Mortg. Funding, Inc.*, No. 09-cv-00071 (W.D.N.C. Feb. 26, 2009).

was either completely written off or severely delinquent. Another lawsuit—brought by a former senior GreenPoint underwriter—alleged that GreenPoint forced underwriters to approve mortgage loan applications containing fraudulent information.[22]

203. GreenPoint's reckless origination practices described above had a devastating effect on the value of the certificates backed by GreenPoint loans and the average delinquency rates of the loans backing the RMBS certain of the Irish SPVs purchased has soared. On average, ***over 35%*** of the principal balance of the loans backing the RMBS set forth below, which is comprised substantially of GreenPoint-originated loans, stood seriously delinquent as of September 2012:

Offering	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.	Sept. 2012
DBALT 2006-AR4	7.92	24.65	39.78	42.18	38.01	35.06

G. NovaStar Violated Its Underwriting Guidelines

204. NovaStar Mortgage, Inc. ("NovaStar"), the now-defunct Missouri-based lender, specialized in the origination of subprime mortgages and was the sole originator of the loans backing the NHEL 2007-1 RMBS purchased by certain of the Irish SPVs.

205. Novastar's management emphasized the origination of large quantities of loans without regard to quality. *It Teetered, It Tottered, It Was Bound to Fall Down*, NY TIMES, May 21, 2011. As detailed in the *New York Times*, NovaStar circulated promotional materials to its 16,400 unsupervised mortgage brokers around the country that stated: "Did You Know NovaStar Offers to Completely Ignore Consumer Credit!" while another boasted: "Ignore the Rules and Qualify More Borrowers with Our Credit Score Override Program!" Deutsche Bank was well

[22] *Steinmetz v. GreenPoint Mortg. Funding, Inc.*, No. 08-cv-05367 (S.D.N.Y. June 13, 2008).

aware of NovaStar's misconduct. Indeed, Deutsche Bank's own head of non-agency RMBS trading wrote that ***"indeed" Novastar was "like the plague."***

206. Deutsche Bank represented to certain of the Irish SPVs that NovaStar's underwriting guidelines were followed and were primarily intended to assess the borrower's ability to repay the mortgage loan. Deutsche Bank described NovaStar's underwriting guidelines in the prospectus supplement for the NHEL 2007-1 RMBS. The types of statements Sealink alleges to be false and misleading are set forth in ¶158 and the specific statements with regard to NovaStar's underwriting guidelines addressed in this section are incorporated in Exhibits A-F attached to this Complaint. Deutsche Bank represented in the NHEL 2007-1 prospectus supplement with regard to NovaStar's underwriting guidelines that:

> ***The underwriting guidelines of the sponsor are intended to evaluate the credit history of the potential borrower, the capacity and willingness of the borrower to repay the loan and the adequacy of the collateral securing the loan.*** Each loan applicant completes an application that includes information with respect to the applicant's income, liabilities and employment history. Prior to issuing an approval on the loan, the loan underwriter runs an independent credit report or pulls a reissue of the clients credit through an independent 3rd party vendor, which provides detailed information concerning the payment history of the borrower on all of their debts to verify that the information submitted by the broker is still accurate and up to date.

207. The NHEL 2007-1 prospectus supplement also made false and misleading representations of material fact concerning NovaStar's appraisal practices. For example, the same prospectus supplement represented, in relevant part, that:

> An appraisal is also required on all loans and in many cases a review appraisal or second appraisal may be required depending on the value of the property and the underwriter's comfort with the original valuation. ***All appraisals are required to conform to the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of the Appraisal Foundation and are generally on forms acceptable to Fannie Mae.***

208. Deutsche Bank also represented in the same prospectus supplement that NovaStar applied limits to borrowers' DTI ratios of 50% or 60% depending upon the LTV ratio of the loan. The Offering Materials for the other RMBS purchased by the Irish SPVs contained the same or substantially similar statements. *See* Exhibit C.

209. These statements were false and misleading when made because they misrepresented the true facts, known by Deutsche Bank because of its relationship with NovaStar as described at ¶¶152-53, that NovaStar: (i) abandoned its underwriting guidelines to fuel loan originations; (ii) originated risky exception loans on a wholesale basis and without regard to the existence of sufficient compensating factors; (iii) fraudulently altered borrower information; (iv) routinely accepted unreasonable borrower stated incomes; and (v) coerced appraisers into assigning false and inflated appraisal valuations to the collateralized properties.

210. NovaStar's systematic failure to issue mortgage loans in accordance with its established underwriting guidelines has caused severe losses to certain of the Irish SPVs and Sealink. On average, ***over 45%*** of the principal balance of the loans backing the RMBS set forth below, which are comprised entirely of NovaStar-originated loans and which certain of the Irish SPVs purchased, stood seriously delinquent as of September 2012 as reflected in the chart below:

Offering	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.	Sept. 2012
NHEL 2007-1	27.90	52.82	59.35	49.22	47.90	45.82

H. The GMAC Entities Violated Their Underwriting Guidelines

211. Homecomings Financial, LLC ("Homecomings") is a wholly-owned subsidiary of Residential Funding Company ("RFC"). RFC and GMAC Mortgage, LLC ("GMAC Mortgage") are indirect wholly-owned subsidiaries of GMAC, LLC ("GMAC"). GMAC grew to be the

fourth largest U.S. mortgage loan originator by 2010, issuing tens of billions of dollars of mortgages annually. Homecomings and GMAC Mortgage are herein after referred to as the "GMAC Entities." The GMAC Entities originated or sponsored loans in the following Deutsche Bank RMBS purchased by certain of the Irish SPVs: DBALT 2007-OA1, RALI 2007-QO2 and RAMP 2007-RS1.

212. Deutsche Bank knew of the GMAC Entities' misconduct, yet represented to certain of the Irish SPVs that the GMAC Entities' underwriting guidelines were primarily intended to assess the borrower's ability to repay the mortgage loan. The types of statements Sealink alleges to be false and misleading are set forth in ¶158 and the specific statements with regard to the GMAC Entities' underwriting guidelines addressed in this section are incorporated in Exhibits A-F attached to this Complaint. Deutsche Bank represented in the RALI 2007-QO2 prospectus supplement with regard to the GMAC Entities' underwriting guidelines that:

> In accordance with the Seller Guide, the Expanded Criteria Program Seller is required to review an application designed to provide to the original lender pertinent credit information concerning the mortgagor. As part of the description of the mortgagor's financial condition, ***each mortgagor is required to furnish information, which may have been supplied solely in the application, regarding its assets, liabilities, income (except as described below), credit history and employment history, and to furnish an authorization to apply for a credit report*** which summarizes the borrower's credit history with local merchants and lenders and any record of bankruptcy.
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> Based on the data provided in the application and certain verifications, if required, a determination is made by the original lender that the mortgagor's monthly income, if required to be stated, will be sufficient to enable the mortgagor to meet its monthly obligations on the mortgage loan and other expenses related to the property, including property taxes, utility costs, standard hazard insurance and other fixed obligations.

213. The RALI 2007-QO2 prospectus supplement also made false and misleading representations of material fact concerning the GMAC Entities' appraisal practices. For example, the same prospectus supplement represented, in relevant part, that:

> ***The adequacy of the mortgaged property as security for repayment of the related mortgage loan generally is determined by an appraisal in accordance with appraisal procedure guidelines described in the Seller Guide***. Appraisers may be staff appraisers employed by the originator. The appraisal procedure guidelines generally require the appraiser or an agent on its behalf to personally inspect the property and to verify whether the property is in good condition and that construction, if new, has been substantially completed.

214. Deutsche Bank also represented in the same prospectus supplement that the GMAC Entities applied limits to borrowers' DTI ratios, depending on the LTV ratio of the loan. The Offering Materials for the other RMBS purchased by the Irish SPVs contained the same or substantially similar statements. *See* Exhibit C.

215. These statements were false and misleading when made because they misrepresented the true facts, known by Deutsche Bank, that the GMAC Entities: (i) abandoned its underwriting guidelines to fuel loan originations; (ii) originated risky exception loans on a wholesale basis and without regard to the existence of sufficient compensating factors; (iii) fraudulently altered borrower information; (iv) routinely accepted unreasonable borrower stated incomes; and (v) coerced appraisers into assigning false and inflated appraisal valuations to the collateralized properties.

216. CW 10, a senior mortgage underwriter for GMAC Mortgage in Troy, Michigan from 2003 through 2005, stated that GMAC's underwriting procedures were "pretty loose" and said, "[t]hey called it 'creative underwriting.'" For example, if a loan required six months of income but the applicant lacked the necessary income history, GMAC mortgage underwriters would divide the applicant's bank balance by six and treat that amount as the average monthly

income. CW 10 saw quite a few "risky" loans where CW 10 "didn't agree with the way things were done." However, if CW 10 passed these loans to his supervisor, GMAC's head of underwriting for several states, the supervisor would ultimately approve the loans. People from "corporate" wanted loans approved, so it was a matter of "scratching people's backs," according to CW 10.

217. CW 11, a senior wholesale underwriter for GMAC from August 1997 to the spring of 2007, stated that supervisors frequently overrode underwriters' decisions and closed "bad loans." CW 11 explained that supervisors' bonuses were dependent on the volume of closed loans, so they were motivated to push loans through, even though "[t]hey were doing loans they knew were bad." CW 11 added, "[a] lot of times the sales director would raise holy commotion with the supervisor and directors, and under pressure, they'd approve bad loans." CW 11 also knew of underwriters falsifying loan information. CW 11 heard from another underwriter that a manager who "couldn't get the figures correct" was told to "[j]ust make it up, put anything; no one will ever check." CW 11 stated that GMAC did "a lot" of no-income/no-assets stated loans, which were "a big joke around there" and were called "liar loans, because we knew damn well they were lying. You can't tell me a manicurist in L.A. was making $12,000 a month." However, CW 11 did not challenge the stated incomes because it was just not done at GMAC and ultimately "you would get overruled [by a manager]." If CW 11 requested full documentation because a borrower's assets did not support the stated income, CW 11's request would be overruled. According to CW 11, managers also waived bad appraisals that "you knew damn well did not support the value."

218. CW 11 specifically linked GMAC's poor underwriting to pressure to generate loans to be sold. GMAC's trading group approved exceptions to underwriting standards, and the

underwriters "had a feeling they had to make exceptions to fill a pool." The underwriters "would get an email [from the trading department] saying, 'We need 10 more loans to put in the 5% pool.'" CW 11 recalled, "A lot of times I'd decline a loan, and if the sales director knew the supervisor wouldn't go for it, [the sales director] would call trading – they knew the weak links in that department – and they knew they'd approve it." There was even a person who worked as a liaison between trading and underwriting and was able to sign off on loans despite having no underwriting experience. CW 11 worked on bulk loan files, sorting them into approved loans, "pended loans" which were missing documentation, and declined loans. Another employee who was responsible for funding bulk loans did not address them according to their approved, pended or declined status, but "funded the whole load." CW 11 objected to this and raised it with her supervisor and her supervisor's supervisor, but "everyone knew [that GMAC employee] was funding declined, bad, or pended loans" and had no problem with it.

219. CW 12, an underwriter at GMAC in Monterey, California from 1997 to 2008, stated that GMAC's Desktop Underwriter ("DU") program had "very loose guidelines." 90% of loans were sent through DU, which did not require documentation and "rarely turned down a loan." GMAC's underwriting guidelines got "looser and looser" until 2007. CW 13, a former senior underwriter at GMAC Mortgage in Troy, Michigan from 1986 through 2008, confirmed that loan processors (who were not underwriters) were able to approve loans that went through DU, meaning that most conventional loans were never reviewed by actual underwriters.

220. Finally, CW 14, a securities trading analyst at GMAC in Minneapolis from April 2006 to May 2007, stated that there was concern at GMAC about the quality of loans in late 2006 and early 2007, as they started to see a lot of early payment defaults on "fraudulent subprime loans." CW 14 said that GMAC could have detected the fraudulent loans if it had dug

deeper but usually only looked at the basic information in the computer file such as FICO scores and LTV ratios. Because the underwriting was automated, mortgage brokers submitted information based on what criteria were needed to close loans, and "a lot of them didn't have documentation." CW 13 also stated that GMAC accepted inflated appraisals: "To make a loan work, an appraisal has to come in at a certain value. The problem is that appraisers would overinflate values. It's not right."

221. GMAC's pervasive violations of its stated underwriting and appraisal guidelines led to immense losses and the near collapse of GMAC, which received enormous infusions of taxpayer money in a bailout in 2008. In September 2008, GMAC Mortgage closed all of its retail mortgage locations and Homecomings stopped originated loans.

222. In addition, allegations against certain of the GMAC Entities involving their bad loan origination practices in connection with fraudulent RMBS securitizations, including the systematic violation of their underwriting and appraisal standards and policies, and making loans with insufficient or no borrower documentation, have already been upheld. *See Thrivent Fin. for Lutherans v. Res. Funding Co.*, No. 27-cv-11-5830 (Minn. Dist. Hennepin Cnty. Apr. 11, 2012).

223. The GMAC Entities' reckless origination practices described above have had significant consequences for the average serious delinquency rates of the loans backing the Deutsche Bank RMBS purchased by certain of the Irish SPVs. For example, the DBALT 2007-OA1, RALI 2007-QO2 and RAMP 2007-RS1 RMBS, which were largely supported by loans originated by the GMAC Entities, have experienced delinquency rates on average of ***over 40%*** as of September 2012.

#	Offering	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.	Sept. 2012
1	DBALT 2007-OA1	9.18	34.82	47.53	44.54	44.00	44.25
2	RALI 2007-QO2	11.60	36.77	52.86	49.01	43.32	45.50
3	RAMP 2007-RS1	21.09	34.89	37.62	34.37	33.29	33.18
	Averages	**13.95**	**35.49**	**46.00**	**42.64**	**40.20**	**40.97**

I. PHH Violated Its Underwriting Guidelines

224. PHH Mortgage Corporation ("PHH") originated a substantial portion of the loans backing the PHHAM 2007-2 RMBS purchased by certain of the Irish SPVs.

225. Deutsche Bank knew of PHH's misconduct, yet represented to certain of the Irish SPVs that PHH's underwriting guidelines were primarily intended to assess the borrower's ability to repay the mortgage loan. Indeed, PHH admitted in its Form 10-Q filed August 8, 2008 to "loans with origination flaws." The types of statements Sealink alleges to be false and misleading are set forth in ¶158 and the specific statements with regard to PHH's underwriting guidelines addressed in this section are incorporated in Exhibits A-F attached to this Complaint. Deutsche Bank represented in the PHHAM 2007-2 prospectus supplement with regard to PHH's underwriting guidelines that:

> PHH Mortgage's underwriting standards have been established based upon its knowledge of the primary and secondary residential mortgage market. ***They are intended to originate investment-quality mortgage loans that are salable in the secondary mortgage market. They are applied in originating or purchasing loans for its own account, and in originating loans for, or purchasing loans from, other lenders under various "private-label" programs.*** The application of the underwriting standards represent a balancing of several factors that may affect the ultimate recovery of the loan amount, including but not limited to, the applicant's credit standing and ability to repay the loan, as well as the value and adequacy of the mortgaged property as collateral. PHH Mortgage may adapt its underwriting guidelines based upon the nature of a specific private-label relationship.

226. The PHHAM 2007-2 prospectus supplement also made false and misleading representations of material fact concerning PHH's appraisal practices. For example, the same prospectus supplement also represented, in relevant part, that:

> ***In determining the adequacy of the property as collateral for a first lien mortgage loan, a Fannie Mae/Freddie Mac conforming appraisal of the property is performed by an independent appraiser selected by PHH Mortgage, except as noted in this prospectus supplement.*** The appraiser is required to inspect the property and verify that it is in good condition and that construction or renovation, if new, has been completed. The appraisal report indicates a value for the property and provides information concerning marketability, the neighborhood, the property site, interior and exterior improvements, and the condition of the property. In lieu of an appraisal, alternative collateral assessment products which comply with Fannie Mae/Freddie Mac criteria may be used.

227. Deutsche Bank also represented in the same prospectus supplement that PHH applied limits to borrowers' DTI ratios of between 50% and 60%, depending upon the LTV ratio of the loan. The Offering Materials for the other RMBS purchased by the Irish SPVs contained the same or substantially similar statements. *See* Exhibit C.

228. These statements were false and misleading when made because they misrepresented the true facts, known by Deutsche Bank, that PHH: (i) abandoned its underwriting guidelines to fuel loan originations; (ii) originated risky exception loans on a wholesale basis and without regard to the existence of sufficient compensating factors; (iii) fraudulently altered borrower information; (iv) routinely accepted unreasonable borrower stated incomes; and (v) coerced appraisers into assigning false and inflated appraisal valuations to the collateralized properties.

229. PHH's systematic failure to issue mortgage loans in accordance with its established underwriting guidelines has caused severe losses to certain of the Irish SPVs and

Sealink. ***Over 22%*** of the principal balance of the loans backing the RMBS set forth below, which contained a significant number of PHH-originated loans and which certain of the Irish SPVs purchased, stood seriously delinquent as of September 2012 as reflected in the chart below:

Offering	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.	Sept. 2012
PHHAM 2007-2	5.17	17.31	25.22	24.47	24.55	22.91

J. DHI Violated Its Underwriting Guidelines

230. DHI Mortgage ("DHI") originated a portion of the loans backing the DBALT 2007-BAR1 RMBS purchased by certain of the Irish SPVs.

231. Deutsche Bank knew of DHI's misconduct, yet represented to certain of the Irish SPVs that DHI's underwriting guidelines were primarily intended to assess the borrower's ability to repay the mortgage loan. The types of statements Sealink alleges to be false and misleading are set forth in ¶158 and the specific statements with regard to PHH's underwriting guidelines addressed in this section are incorporated in Exhibits A-F attached to this Complaint. Deutsche Bank represented in the DBALT 2007-BAR1 prospectus supplement with regard to PHH's underwriting guidelines that:

> ***Underwriting standards are applied by or on behalf of a lender to evaluate a borrower's credit standing and repayment ability, and the value and adequacy of the related Mortgaged Property as collateral***.
>
> *** * ***
>
> The mortgage loans have been originated under "Full" "Lite Documentation" "No Ratio" "No Income/Verified Assets" "Stated Income/Stated Assets" "No Doc" programs. The "alternative," "reduced," "stated income/stated assets" "no ratio" and "no income/verified asset" programs generally require either alternative or less documentation and verification than do full documentation programs which generally require standard Fannie

> Mae/Freddie Mac approved forms for verification of income/employment, assets and certain payment histories.

232. In a 2009 report, the Center for Public Integrity detailed the pressure originators like DHI placed on appraisers to inflate the value of homes to justify higher mortgages. For example, Mike Tipton, who was employed by eAppraiseIT, a major appraisal company, was asked by DHI to reconsider the value of a home that he had appraised. In an attempt to secure a higher appraisal value, DHI even provided Tipton with different properties to use as a comparison. After refusing to inflate his appraisal, Tipton was never given another appraisal to perform for DHI, despite it remaining an active originator of mortgages in the area.

233. The DBALT 2007-BAR1 prospectus supplement also made false and misleading representations of material fact concerning DHI's appraisal practices. For example, the same prospectus supplement also represented, in relevant part, that:

> The adequacy of the mortgaged property as security for repayment of the related mortgage loan will generally have been determined by an appraisal in accordance with pre-established appraisal procedure guidelines for appraisals established by or acceptable to the originator. ***All appraisals conform to the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of the Appraisal Foundation and must be on forms acceptable to Fannie Mae and/or Freddie Mac.***

234. DHI's systematic failure to issue mortgage loans in accordance with its established underwriting guidelines has caused severe losses to certain of the Irish SPVs and Sealink. ***Over 44%*** of the principal balance of the loans backing the RMBS set forth below, which is comprised of DHI-originated loans and which certain of the Irish SPVs purchased, stood seriously delinquent as of September 2012 as reflected in the chart below:

Offering	1 Yr.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.	Sept. 2012
DBALT 2007-BAR1	18.21	37.33	47.95	45.99	44.36	44.27

K. The Remaining Originators Violated Their Underwriting Guidelines

235. The remainder of the originators of the loans underlying the Deutsche Bank RMBS similarly violated their underwriting guidelines. Indeed, Plaintiff's loan-level analysis reveals that the loans originated by Doral, Impac, SunTrust, and National City included in the Deutsche Bank RMBS were replete with the same egregious defects as the loans originated by the originators discussed above. As detailed below, CLTV and LTV ratios, owner occupancy rates, and title transfer were misstated with respect to each Deutsche Bank RMBS at issue here.

L. Plaintiff's Loan Level Analysis Confirms Defendants' Misrepresentations

236. Sealink conducted a loan-level analysis of a sample of the loans comprising the RMBS that confirms that the Offering Materials wildly overstated the value of the collateral, materially misrepresented the owner occupancy rates of the properties backing the RMBS, and that a substantial number of the mortgage documents were never properly transferred to the securitization trust. Sealink's sample consisted of 10% of the loans in each supporting loan group, or a minimum of 250 loans, whichever was greater, for a total of 18 out of 19 Offerings.[23] All told, Sealink's consultant analyzed 5,441 loans.

1. CLTV And LTV Ratios Were Misrepresented

237. The value of the collateral determines the risk of loss in case of borrower default and is critically important to investors. Property valuations are the denominator in the combined loan to value ("CLTV") ratio and loan-to-value ("LTV") ratio, which is a key criterion for assessing the risk of loss. Higher CLTV and LTV ratios correspond to lower borrower equity in the home, and therefore: (i) lower borrower incentives to continue to make their mortgage

[23] DMSI 2006-PR1 5AF4 was a private placement for which no data was available, and thus is not included in Plaintiff's loan level analysis.

payments and (ii) less equity that can be used to avoid losses to the mortgage pool backing the securitization in the event of default.

238. To induce the Irish SPVs and other investors to purchase the RMBS, Deutsche Bank made affirmative representations about the value of the collateral, including CLTV and LTV ratios, and the independence of the appraisers who prepared the appraisals. For example, the prospectus supplements specified the percentage of loans with CLTV ratios higher than 80% and represented that no such loans had a CLTV ratio that exceeded 100%. The prospectus supplements also represented the same regarding the LTV ratios in certain instances. The specific statements Sealink alleges to be false and misleading are attached as Exhibit B to this Complaint. For example, as outlined in the ACE 2007-ASAP1 prospectus supplement:

> The Sponsor acquires mortgage loans secured by 1-4 unit residential properties made to eligible borrowers with a vested fee simple (or in some cases a leasehold) interest in the property. ***The Sponsor's guidelines are applied in accordance with a procedure which complies with applicable federal and state laws and regulations and generally require an appraisal of the mortgaged property which conforms to Freddie Mac and/or Fannie Mae standards and, if appropriate, a review appraisal.*** Generally, appraisals are provided by an approved list of appraisers maintained by the Sponsor. Additionally, review appraisals may only be provided by appraisers other than the original appraiser approved by the Sponsor. In some cases, the Sponsor relies on a statistical appraisal methodology provided by a third-party.
>
> Each review appraisal includes a market data analysis based on recent sales of comparable homes in the area and, where deemed appropriate, replacement cost analysis based on the current cost of constructing a similar home. The review appraisal may be an enhanced desk, field review or an automated valuation report that confirms or supports the original appraiser's value of the mortgaged premises.
>
> * * *
>
> The weighted average combined loan-to-value ratio of the Mortgage Loans at origination was approximately 83.14%. At origination, no Mortgage Loan had a combined loan-to-value ratio

> greater than approximately 100.00% or less than approximately 15.09%.

239. The representations regarding appraisals and CLTV and LTV ratios were materially false and misleading because they misrepresented the appraisal process employed by the originators, including, among other things, the fact that: (i) the appraisers were not independent from the respective mortgage lenders, which pressured appraisers to value the mortgaged property at a pre-determined, preconceived, inflated, and false appraisal value; (ii) the actual CLTV and LTV ratios for many of the mortgage loans underlying the RMBS would have exceeded 100% if the mortgaged properties had been appraised by an independent appraiser as represented in the Offering Documents; (iii) sales managers employed by the respective originators had and utilized the authority to override and inflate an appraiser's final professional valuation of the mortgaged property; and, as such, (iv) the appraisals failed to conform to the standards set by Fannie Mae and Freddie Mac.

240. For each of the sampled loans, an automated valuation model ("AVM") was used to calculate the value of the underlying property at the time the mortgage loan was originated. Retroactive AVMs are routinely used in the mortgage industry for valuing properties. Such AVMs rely upon similar data as appraisers—primarily county assessor records, tax rolls, and data on comparable properties. AVMs produce independent, statistically derived valuation estimates by applying modeling techniques to this data.

241. Applying the AVM to the available data for the properties securing the sampled loans shows that the appraised value for those properties as represented by Defendants was significantly higher than the actual value of those properties as determined by the retroactive AVM. The result of this overstatement of property values is a material overstatement of the value of the collateral and, by extension, a material understatement of the CLTV and LTV ratios.

If a property's actual value is significantly less than the value used in the loan underwriting, then the loan represents a significantly higher percentage of the property's value, and a much higher risk of loss. Higher LTV ratios also increase the risk that borrowers will not repay their mortgage.

242. For example, for ACE 2007-ASAP1, which was sponsored by DBSP and underwritten by DBSI, the Offering Materials stated that none of the mortgages had a CLTV ratio exceeding 100%. In fact, 37.71% of the sample of loans from this securitization included in the data analysis had LTV ratios above 100 percent. As shown in the table below, the Offering Materials for all RMBS misrepresented the fact that large percentages of the loan pools backing the securitizations had LTV ratios above 100 percent.

243. The data analysis revealed that the Offering Materials misrepresented both the percentage of loans with CLTV and LTV ratios exceeding 100% and the percentage of loans that had an LTV ratio at or below 80%. The following table reflects: (i) the true percentage of mortgages in the supporting loan group with CLTV (or LTV) ratios above 100 percent, versus the percentage reported in the prospectus supplement and (ii) the true percentage of mortgages in the supporting loan group with CLTV (or LTV) ratios at or below 80 percent, versus the percentage reported in the Offering Materials. The percentages listed in the table below were calculated based on aggregated principal balance for the loans in the mortgage pools supporting that particular tranche.

Offering	Tranche	% of Loans reported to have LTV or CLTV ratio ≤80%	True % of loans with LTV or CLTV ratios ≤80% based on sample analysis	Overstatement of loans with LTV or CLTV ratios ≤80%	% of loans reported to have LTV or CLTV ratio >100%	True % of loans with LTV or CLTV ratio >100% based on sample analysis
ACE 2007-ASAP1	A2B	69.42%	14.42%	79.23%	0%	37.71%
ACE 2007-ASAP1	A2D	69.42%	14.42%	79.23%	0%	37.71%
ACE 2007-ASAP2	A2B	67.79%	24.66%	63.63%	0%	36.83%

Offering	Tranche	% of Loans reported to have LTV or CLTV ratio ≤80%	True % of loans with LTV or CLTV ratios ≤80% based on sample analysis	Overstatement of loans with LTV or CLTV ratios ≤80%	% of loans reported to have LTV or CLTV ratio >100%	True % of loans with LTV or CLTV ratio >100% based on sample analysis
ACE 2007-WM1	A2C	74.88%	7.47%	90.02%	0%	38.72%
DBALT 2006-AR4*	A2	96.64%	61.88%	35.97%	0%	7.84%
DBALT 2006-AR6*	A6	95.91%	56.63%	40.95%	0%	9.30%
DBALT 2006-AR6*	A8	95.91%	56.63%	40.95%	0%	9.30%
DBALT 2007-1*	1A2	94.58%	57.61%	39.09%	0%	14.49%
DBALT 2007-1*	1A3C	94.58%	57.61%	39.09%	0%	14.49%
DBALT 2007-AR1*	A5	99.24%	50.97%	48.65%	0%	6.42%
DBALT 2007-AR1*	A6	99.24%	50.97%	48.65%	0%	6.42%
DBALT 2007-AR2*	A2	97.83%	58.54%	40.17%	0%	10.82%
DBALT 2007-BAR1*	A3	96.03%	58.23%	39.37%	0%	10.98%
DBALT 2007-BAR1*	A4	96.03%	58.23%	39.37%	0%	10.98%
DBALT 2007-BAR1*	A5	96.03%	58.23%	39.37%	0%	10.98%
DBALT 2007-OA1*	A3	87.75%	59.92%	31.72%	0%	11.25%
DBALT 2007-OA1*	M1	87.75%	59.92%	31.72%	0%	11.25%
DBALT 2007-OA1*	M2	87.75%	59.92%	31.72%	0%	11.25%
DBALT 2007-OA2*	A3	98.93%	57.92%	41.45%	0%	12.10%
DBALT 2007-OA4*	A2A	93.27%	55.17%	40.84%	0%	16.26%
INDX 2006-AR27*	1A4	96.97%	54.51%	43.79%	0%	5.90%
MHL 2007-1*	2A11	98.84%	57.15%	42.18%	0%	16.53%
NHEL 2007-1*	A2C	47.68%	34.45%	27.74%	0%	22.26%
PHHAM 2007-2*	1A2	85.99%	55.26%	35.74%	0%	12.43%
RALI 2007-QO2*	A3	95.44%	50.29%	47.31%	0%	16.91%
RAMP 2007-RS1*	A3	86.26%	53.70%	37.75%	0%	14.59%
RAMP 2007-RS1*	A4	86.26%	53.70%	37.75%	0%	14.59%

* Analysis based on LTV rather than CLTV ratio

† Calculated from Loan Tapes

244. As the table above demonstrates, Deutsche Bank's Offering Materials represented that none of the mortgage loans backing the RMBS had an LTV or CLTV ratio exceeding 100%. However, the data analysis demonstrates that, in truth, significant percentages of the mortgages in the table above had an LTV or CLTV ratio that exceeded 100%—meaning that for those mortgages, the borrower had no equity at all in the home securing the mortgage.

2. Occupancy Rates Were Misrepresented

245. Defendants also made affirmative representations about the occupancy rates of the collateral. Occupancy rates indicate whether the residence that serves as the collateral for the mortgage is the primary residence of the borrower, a second home, or an investment property. The Irish SPVs relied on Deutsche Bank's representations because borrowers who occupy the property forming the collateral for the mortgage homes are less likely to default on their mortgage payments than borrowers who took out mortgages for a second home or for investment purposes.

246. The higher the percentage of owner-occupied residences that secure the mortgages in the pool, the lower the risk of loss to RMBS holders, and vice versa. Moreover, small differences in the percentage of owner occupied residences securing the mortgages in the pool can have a significant effect on the overall risk of the securitization. The Offering Materials for each securitization at issue represented the percentage of the mortgage loans for each category: (i) primary residence or owner occupied; (ii) second home or secondary residence; and (iii) investment property. Categories (ii) and (iii) combined represent the percentage of non-owner occupied residences. The table below states the occupancy percentages for each securitization at issue as represented in the prospectus supplements for these RMBS:

Offering	Tranche	Supporting Loan Group	Owner Occupied %	Second Home %	Investor %
ACE 2007-ASAP1	A2B	2	98.71%	0.23%	1.06%
ACE 2007-ASAP1	A2D	2	98.71%	0.23%	1.06%
ACE 2007-ASAP2	A2B	2	97.45%	0%	2.55%
ACE 2007-WM1	A2C	2	96.34%	2.61%	1.05%
DBALT 2006-AR4	A2	All collateral	80.90%	5.27%	13.83%
DBALT 2006-AR6	A6	All collateral	76.84%	4.53%	18.63%
DBALT 2006-AR6	A8	All collateral	76.84%	4.53%	18.63%
DBALT 2007-1	1A2	1	69.56%	4.53%	25.91%
DBALT 2007-1	1A3C	1	69.56%	4.53%	25.91%
DBALT 2007-AR1	A5	All collateral	82.53%	5.06%	12.41%
DBALT 2007-AR1	A6	All collateral	82.53%	5.06%	12.41%

DBALT 2007-AR2	A2	All collateral	79.37%	6.29%	14.34%
DBALT 2007-BAR1	A3	All collateral	64.57%	4.95%	30.48%
DBALT 2007-BAR1	A4	All collateral	64.57%	4.95%	30.48%
DBALT 2007-BAR1	A5	All collateral	64.57%	4.94%	30.48%
DBALT 2007-OA1	A3	All collateral	77.49%	9.45%	13.06%
DBALT 2007-OA1	M1	All collateral	77.49%	9.45%	13.06%
DBALT 2007-OA1	M2	All collateral	77.49%	9.45%	13.06%
DBALT 2007-OA2	A3	All collateral	93.46%	0.24%	6.30%
DBALT 2007-OA4	A2A	1, 3	79.47%	5.01%	15.51%
INDX 2006-AR27	1A4	1	83.92%	4.96%	11.12%
MHL 2007-1	2A11	2	89.50%	1.92%	8.57%
NHEL 2007-1	A2C	2	94.36%	2.04%	3.59%
PHHAM 2007-2	1A2	1	66.70%	5.81%	27.49%
RALI 2007-QO2	A3	All collateral	80.97%	6.34%	12.69%
RAMP 2007-RS1	A3	All collateral	65.38%	4.78%	29.84%
RAMP 2007-RS1	A4	All collateral	65.38%	4.78%	29.84%

247. As table above makes clear, Defendants represented in the Offering Materials that on average, approximately 79.80% of the mortgages in the securitizations were backed by owner-occupied residences.

248. The specific statements related to owner occupancy that Sealink alleges to be false and misleading are attached as Exhibit D to this Complaint. For example, the DBALT 2007-AR1 prospectus supplement contained the following representations regarding the occupancy rates for the mortgage loans, which collateralized the Irish SPVs' investment:

Occupancy Status of the Mortgage Loans

Occupancy Status*	Number of Mortgage Loans	Aggregate Principal Balance Outstanding as of the Cut-Off Date	% of Aggregate Principal Balance Outstanding as of the Cut-Off Date
Primary	2,102	$679,578,568	87.54%
Investment	316	63,625,276	8.20
Second Home	129	33,086,494	4.26
Total:	**2,547**	**$776,290,337**	**100.00%**

*The occupancy status of a Mortgaged Property is as represented by the mortgagor in its loan application.

249. Such statements materially overstated the percentage of mortgages that were secured by owner occupied residences, and thereby materially understated the credit risk of the RMBS at issue. Deutsche Bank knew or recklessly disregarded that the origination practices

increased the risk that the mortgage pools would include materially more mortgages that were not secured by a home that was owner-occupied.

250. An analysis of a sizable sample of the loans supporting the RMBS confirms that the Offering Materials overstated the owner occupancy rates and that far fewer underlying properties were occupied by their owners than Deutsche Bank represented. Sealink conducted a number of tests to determine whether borrowers occupied the residences securing the mortgages, including (i) whether creditors were reporting the property as the borrowers' mailing address six months after origination of the mortgage; (ii) whether the borrowers owned additional properties during the same time period of ownership of the securitized property; and (iii) whether the borrowers' tax bills were sent to the property securing the mortgage or to a different address. Failing two of these tests is recognized within the industry as a strong indication that the borrower did not live at the mortgaged property and instead used it as a second home or an investment property.

251. A significant number of the loans failed two or more of the tests, indicating that the owner occupancy rates in the Offering Materials were materially false and misleading and that the RMBS were much riskier than represented. For example, the Offering Materials stated that the collateral for the designated mortgage pool for the A2C tranche of the ACE 2007-WM1 RMBS consisted of 96.34% owner-occupied residences and 3.66% of non-owner occupied residences. However, as shown in the table below, the data analysis revealed that the true percentage of owner occupied residences was 86.80% and that 13.20% of the properties were not owner occupied:

Offering	Tranche	Supporting Loan Group	A % of non-owner occupied residences as reported in Offering Materials	B % of residences reported as owner occupied with strong indication of non-owner occupancy	C Actual % of non-owner occupied residences[24]	D % Under-statement of non-owner occupied residences[25]
ACE 2007-ASAP1	A2B	2	1.29%	13.30%	14.50%	1026.30%
ACE 2007-ASAP1	A2D	2	1.29%	13.30%	14.50%	1026.30%
ACE 2007-ASAP2	A2B	2	2.55%	9.60%	11.80%	361.70%
ACE 2007-WM1	A2C	2	3.66%	9.90%	13.20%	260.60%
DBALT 2006-AR4	A2	All collateral	19.10%	18.10%	33.20%	74.00%
DBALT 2006-AR6	A6	All collateral	23.15%	15.90%	35.40%	52.90%
DBALT 2006-AR6	A8	All collateral	23.15%	15.90%	35.40%	52.90%
DBALT 2007-1	1A2	1	30.42%	17.30%	43.00%	41.20%
DBALT 2007-1	1A3C	1	30.42%	17.30%	43.00%	41.20%
DBALT 2007-AR1	A5	All collateral	17.46%	10.90%	26.70%	52.70%
DBALT 2007-AR1	A6	All collateral	17.46%	10.90%	26.70%	52.70%
DBALT 2007-AR2	A2	All collateral	20.62%	15.90%	33.40%	62.00%
DBALT 2007-BAR1	A3	All collateral	35.42%	14.70%	45.30%	27.80%
DBALT 2007-BAR1	A4	All collateral	35.42%	14.70%	45.30%	27.80%
DBALT 2007-BAR1	A5	All collateral	35.42%	14.70%	45.30%	27.80%
DBALT 2007-OA1	A3	All collateral	22.50%	15.90%	34.50%	53.40%
DBALT 2007-OA1	M1	All collateral	22.50%	15.90%	34.50%	53.40%
DBALT 2007-OA1	M2	All collateral	22.50%	15.90%	34.50%	53.40%
DBALT 2007-OA2	A3	All collateral	6.53%	12.70%	18.20%	177.90%
DBALT 2007-OA4	A2A	1 & 3	20.53%	15.60%	33.50%	63.00%
INDX 2006-AR27	1A4	1	16.07%	8.70%	23.30%	45.00%
MHL 2007-1	2A11	2	10.49%	14.70%	23.70%	125.50%
NHEL 2007-1	A2C	2	5.62%	15.70%	20.70%	266.90%
PHHAM 2007-2	1A2	1	33.30%	14.40%	43.70%	31.30%
RALI 2007-QO2	A3	All collateral	19.02%	18.40%	33.50%	75.80%
RAMP 2007-RS1	A3	All collateral	34.62%	15.60%	45.40%	31.20%
RAMP 2007-RS1	A4	All collateral	34.62%	15.60%	45.40%	31.20%

252. As the table above makes clear, Defendants' Offering Materials understated the percentage of non-owner occupied properties by at least 27.80% and up to 1026.30%. On

[24] Column C, the actual percentage of non-owner occupied residences, represents the reported percentages in column A added to the percentage in column B as adjusted by the percentage of owner-occupied loans in the sample. In other words, column C = column A + (column B x the pct. of owner-occupied loans in the sample).

[25] The number in column D indicates the degree to which the Offering Materials misrepresented the percentage of non-owner occupied residences in each Offering, expressed as the percent increase between the percentage reported (column A) and the actual percentage based on the loan sample analysis (column C). In other words, column D = (column C - column A) / column A * 100.

average, for each tranche of RMBS purchased by the Irish SPVs, Deutsche Bank understated the percentage of non-owner occupied properties by an astounding 155.40%.

3. Title Transfer Was Misrepresented

253. The issuing trust for each RMBS offering must obtain good title to the mortgage loans comprising the pool for that offering so that the Irish SPVs and other certificate holders will be legally entitled to enforce the mortgage and foreclose in the event of default. Two documents relating to each mortgage loan must be validly transferred to the trust as part of the securitization process – a promissory note and a security instrument (either a mortgage or a deed of trust).

254. The rules for these transfers are governed by the law of the state where the property is located, by the terms of the pooling and servicing agreement ("PSA") for each securitization, and by the law governing the issuing trust (with respect to matters of trust law). Generally, state laws and the PSAs require the promissory note and security instrument to be transferred by endorsement, in the same way that a check can be transferred by endorsement or by sale. In addition, state laws generally require that the trustee have physical possession of the original, manually signed note in order for the loan to be enforceable by the trustee against the borrower in case of default.

255. In order to preserve the bankruptcy-remote status of the issuing trusts in RMBS transactions, the notes and security instruments are generally not transferred directly from the mortgage loan originator to the trust. Rather, the notes and security instruments are generally initially transferred from the originator (*e.g.*, Countrywide) to the depositor (*e.g.*, ACE Securities), either directly or via one or more special-purpose entities established by the depositor. After this initial transfer to the depositor, the depositor transfers the notes and security

interests to the issuing trust for the particular securitization. Each of these transfers must be valid under applicable state law in order for the trust to have good title to the mortgage loans.

256. As set forth in the PSA, the trustee of the RMBS must ensure that the transfers of the note and the security instrument are proper and that all required mortgage documentation is present and complete. As discussed above, Deutsche Bank is one of the most prolific trustees of RMBS.

257. In addition, the PSA generally requires the transfers of the mortgage loans to the trust to be completed within a strict time limit after formation of the trust in order to ensure that the trust qualifies as a tax-free real estate mortgage investment conduit ("REMIC").

258. The applicable state trust law generally requires strict compliance with the trust documents, including the PSA, so that failure to comply strictly with the timeliness, endorsement, physical delivery, and other requirements of the PSA with respect to the transfers of the notes and security instruments means that the transfers would be void and the trust would not have good title to the mortgage loans.

259. Deutsche Bank stated in the Offering Materials that the issuing trusts possessed good title to the mortgage loans. Without the proper transfer of such title, the trust's ability to foreclose on the properties that collateralized the mortgages would be subject to challenge in numerous court proceedings, decreasing the return to certificate-holders such as the Irish SPVs. The specific statements that Sealink alleges to be false and misleading are attached as Exhibit E to this complaint. For example, the ACE 2007-ASAP2 prospectus supplement represented as follows:

> **Assignment of the Mortgage Loans**
>
> On the Closing Date, the Depositor will transfer to the trust all of its right, title and interest in and to each Mortgage Loan, the related mortgage note, mortgage, assignment of mortgage in recordable

> form in blank and other related documents (collectively, the "Related Documents"), including all scheduled payments with respect to each such Mortgage Loan due after the Cut-off Date. The Trustee, concurrently with such transfer, will deliver the certificates to the Depositor.
>
> * * *
>
> The Sponsor will make certain representations and warranties as to the accuracy in all material respects of certain information furnished to the Trustee with respect to each Mortgage Loan. In addition, the Sponsor will represent and warrant, as of the Closing Date, that, among other things: (i) at the time of transfer to the Depositor, the Sponsor has transferred or assigned all of its right, title and interest in each Mortgage Loan and the Related Documents, free of any lien; (ii) each Mortgage Loan complied, at the time of origination, in all material respects with applicable state and federal laws including, but not limited to, predatory lending laws; (iii) the Mortgage Loans are not subject to the requirements of the Home Ownership and Equity Protection Act of 1994 and no Mortgage Loan is classified and/or defined as a "high cost", "covered" or "predatory" loan under any other federal, state or local law or ordinance or regulation including, but not limited to, the States of Georgia, Arkansas, Kentucky, New Jersey, New Mexico, Indiana or Illinois; and (iv) no proceeds from any Mortgage Loan were used to purchase single premium credit insurance policies as part of the origination of, or as a condition to closing, such Mortgage Loan.

260. These statements were materially false and misleading when made. Deutsche Bank did not ensure that the issuing trust for each RMBS at issue obtained good title to the mortgage loans in the designated mortgage pools. Deutsche Bank as at all relevant times focused on maximizing its profits by increasing the volume of mortgage originations and securitizations regardless of the quality of the securitized mortgages. Similarly, Deutsche Bank treated the proper transfer of mortgage titles to the securitization trusts just as recklessly. For example, a series of Deutsche Bank Trust memoranda to RMBS servicers beginning in August 2007 details increasing concerns that "good housekeeping" measures were not being followed to establish the RMBS trust's ownership of the mortgage loans.

261. An analysis of a sample of the loans supporting the RMBS confirms that

Deutsche Bank failed to properly transfer numerous titles to the securitization trust. For each of the sampled loans, public records were consulted to determine whether the chain of assignments was complete and whether the last assignment was to the securitization trust. Possible name variations for the securitization trusts were taken into account. For example, the securitization trust for the DBALT 2007-AR2 RMBS might be described as "DBALT 2007-AR2 Trust" "Deutsche Bank Alt-A 2007-AR2," "Deutsche Bank Alt-A 2007-AR2 Trust," or "Deutsche Bank Alt-A Trust 2007-AR2". The mortgage was assumed to have been assigned to the securitization trust if the last assignee's name contained "2007-AR2."

262. A significant number of the loans backing the securitizations at issue were not assigned to the securitization trust at all or were missing intervening assignments. For example, as of October 2012, approximately 14.95% of the mortgages that Deutsche Bank included in the DBALT 2007-1 RMBS were still in the name of the originator, 9.45% were assigned to the wrong party, and approximately 19.12% were assigned to the trust, but were missing intervening assignments. The table below states the percentage of mortgages that were not properly assigned to the securitizations trusts:

Offering	Tranche	% of Mortgages Still in the Originator's Name	% of Mortgages Assigned to the Wrong Party	% of Mortgages Not Assigned to the Trust	% of Mortgages Missing Intervening Assignment(s)	% of Mortgages Not Assigned to Trust or Missing Intervening Assignment(s)
ACE 2007-ASAP1	A2B	8.00%	2.40%	10.40%	24.00%	34.40%
ACE 2007-ASAP1	A2D	8.00%	2.40%	10.40%	24.00%	34.40%
ACE 2007-ASAP2	A2B	12.40%	1.20%	13.60%	16.80%	30.40%
ACE 2007-WM1	A2C	5.88%	0.74%	6.62%	20.22%	26.84%
DBALT 2006-AR4	A2	1.93%	9.32%	11.25%	18.97%	30.23%
DBALT 2006-AR6	A6	2.56%	7.31%	9.87%	14.26%	24.13%
DBALT 2006-AR6	A8	2.56%	7.31%	9.87%	14.26%	24.13%
DBALT 2007-1	1A2	14.95%	9.45%	24.40%	19.12%	43.52%
DBALT 2007-1	1A3C	14.95%	9.45%	24.40%	19.12%	43.52%
DBALT 2007-AR1	A5	1.20%	14.80%	16.00%	21.60%	37.60%
DBALT 2007-AR1	A6	1.20%	14.80%	16.00%	21.60%	37.60%
DBALT 2007-AR2	A2	3.90%	13.83%	17.73%	19.50%	37.23%

Offering	Tranche	% of Mortgages Still in the Originator's Name	% of Mortgages Assigned to the Wrong Party	% of Mortgages Not Assigned to the Trust	% of Mortgages Missing Intervening Assignment(s)	% of Mortgages Not Assigned to Trust or Missing Intervening Assignment(s)
DBALT 2007-BAR1	A3	4.23%	14.08%	18.31%	14.79%	33.10%
DBALT 2007-BAR1	A4	4.23%	14.08%	18.31%	14.79%	33.10%
DBALT 2007-BAR1	A5	4.23%	14.08%	18.31%	14.79%	33.10%
DBALT 2007-OA1	A3	0.40%	20.00%	20.40%	19.60%	40.00%
DBALT 2007-OA1	M1	0.40%	20.00%	20.40%	19.60%	40.00%
DBALT 2007-OA1	M2	0.40%	20.00%	20.40%	19.60%	40.00%
DBALT 2007-OA2	A3	1.60%	9.60%	11.20%	20.80%	32.00%
DBALT 2007-OA4	A2A	0.98%	16.10%	17.07%	22.44%	39.51%
INDX 2006-AR27	1A4	2.80%	10.80%	13.60%	21.60%	35.20%
MHL 2007-1	2A11	1.20%	2.00%	3.20%	30.00%	33.20%
NHEL 2007-1	A2C	10.79%	4.47%	15.26%	7.37%	22.63%
PHHAM 2007-2	A2C	2.40%	2.40%	4.80%	9.20%	14.00%
RALI 2007-QO2	A3	0.40%	35.20%	35.60%	28.00%	63.60%
RAMP 2007-RS1	A3	4.00%	13.60%	17.60%	15.60%	33.20%
RAMP 2007-RS1	A4	4.00%	13.60%	17.60%	15.60%	33.20%

263. As the table above demonstrates, Defendants' failed to properly assign substantial percentages of mortgages in each securitization—between 14.00% and 63.60% of the mortgages in the securitizations. Defendants' failure to ensure the proper transfer of title caused significant harm to the securitizations, prompting numerous actions – many successful – that voided the initial transfer and left the RMBS trust without good title to the mortgage loans, and shows Defendants' conscious or reckless disregard for the quality of the mortgages backing the RMBS at issue.

IX. DEFENDANTS MANIPULATED THE CREDIT RATING AGENCIES

264. Deutsche Bank represented in the Offering Materials that all of the RMBS purchased by the Irish SPVs were worthy of being rated investment grade, and primarily triple-A, signifying that the RMBS were prudent and safe investments. By providing ratings, Deutsche Bank represented that it believed that the information provided to the rating agencies to support these ratings accurately reflected Deutsche Bank's underwriting guidelines and practices, and the

specific qualities of the underlying loans. The specific statements Sealink alleges to be false and misleading are attached as Exhibit F. For example, the DBALT 2007-OA4 prospectus supplement represented that:

CERTIFICATE RATINGS

It is a condition to the issuance of the certificates that the Senior Certificates and Mezzanine Certificates receive at least the following ratings from Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("**S&P**"), Fitch Ratings ("Fitch") and Moody's Investors Service, Inc. ("**Moody's**"):

Certificates	S&P	Moody's	Fitch
Class I-A-1A	AAA	Aaa	AAA
Class I-A-1B	AAA	Aaa	AAA
Class II-A-1	AAA	Aaa	AAA
Class II-A-2	AAA	Aaa	AAA
Class III-A-1	AAA	Aaa	AAA
Class A-2A	AAA	Aaa	AAA
Class A-2B	AAA	Aaa	AAA
Class A-3	AAA	Aaa	AAA
Class A-4	AAA	Aaa	AAA
Class M-1	AA+	Aaa	AA+
Class M-2	AA	Aa1	AA
Class M-3	AA-	Aa1	AA-
Class M-4	A+	Aa2	A+
Class M-5	A	Aa3	A
Class M-6	A-	A1	A-
Class M-7	BBB+	A2	BBB+
Class M-8	BBB	A3	BBB
Class M-9	BBB-	Baa1	BBB-
Class M-10	BB+	Baa2	BB+
Class M-11	BB	Baa3	BB

* * *

> The ratings on the Offered Certificates address the likelihood of the receipt by certificateholders of all distributions with respect to the underlying Mortgage Loans to which they are entitled.

265. These statements regarding the ratings assigned to the RMBS were false and misleading because Deutsche Bank stated the assigned ratings while knowing that it was exerting tremendous pressure on, and providing false information to, the rating agencies to guarantee that triple-A or otherwise investment grade ratings were assigned to the RMBS. At the same time, Deutsche Bank distributed to the rating agencies false information relating to the quality of the securitized loans backing the Deutsche Bank RMBS.

A. The Rating Agencies Relied On The Information Provided By Deutsche Bank

266. RMBS credit ratings assess the risk of loss for each tranche in a securitization by determining the likelihood that the mortgage payments in the designated mortgage pool will be made on time. S&P's former North American practice leader for RMBS, Susan Barnes, testified before the Senate Subcommittee on April 23, 2010 that: "[a]t their core, S&P credit ratings represent our opinion of the likelihood that a particular obligor or financial obligation will timely repay owed principal and interest." The chairman and chief executive officer of Moody's, Raymond McDaniel, similarly testified that "Moody's ratings provide predictive opinions on one characteristic of an entity—its likelihood to repay a debt in a timely manner."

267. Rating agencies review information concerning the borrowers' willingness and ability to pay, the value of the collateral, and the results of the credit, compliance and valuation due diligence of the mortgage pool. As Barnes testified:

> S&P collects ***from the arranger of a securitization*** up to 70 different data points related to each underlying mortgage loan, including but not limited to: the amount of equity the borrower has in the home; the loan type; the extent of income verification; whether the borrower occupies the home; and the purpose of the loan. Our analysis of this data allows us to quantify multiple risk factors, or the layered risk, and allows us to assess the increased default probability that is associated with each factor.

268. Importantly, rating agencies rely on the securitization's "arranger" or sponsor to provide this critical information, and do not undertake any independent due diligence. Barnes testified:

> At the time that it begins its analysis of a securitization, S&P receives detailed data concerning the loan characteristics of each of the loans in the pool—up to 70 separate characteristics for each loan in a pool of, potentially, thousands of loans. ***S&P does not receive the original loan files for the loans in the pool. Those files are reviewed by the arranger or sponsor of the transaction, who is also responsible for reporting accurate information about***

> ***the loans in the deal documents and offering documents to potential investors.***

McDaniel similarly testified on behalf of Moody's that ***"[w]e do not receive or review individual loan files***; ***we do not conduct due diligence;*** we do not structure the security; and we do not sell or in any way participate in the sales of a security." In addition, McDaniel explained that the credit ratings depended on the information that Moody's received from the sponsor and loan originators, stating that "***the quality of our opinions is directly tied to the quality of the information we receive from the originators and the investment banks***."

269. Deutsche Bank knew at all relevant times that the rating agencies did not have access to the loan files and could not independently verify the information that Deutsche Bank provided concerning the quality of the mortgage pools backing the RMBS at issue. For example, S&P's standard terms and conditions—included with each S&P letter assigning credit ratings—stated that "Standard & Poor's undertakes no duty of due diligence or independent verification of any information it receives."

270. For each of the RMBS at issue, Defendants provided the rating agencies with important information about the quality of the mortgage pools backing those securities, including information about the borrowers' purported ability and willingness to pay, the value of the collateral, and the results of their due diligence of the mortgage pools. However, Defendants knew or, at a minimum recklessly disregarded that the information they provided to the ratings agencies overstated the borrowers' ability to pay and the value of the collateral. Defendants also did not disclose to the ratings agencies that they (i) deliberately limited their due diligence of the mortgage pools; (ii) put pressure on their due diligence vendors to limit the number of identified fatally defective loans; and (iii) waived in numerous loans that they knew to be fatally defective.

271. The information in ¶¶266-70, above, was material to the rating agencies' ratings

of the RMBS. If the rating agencies had received full and accurate disclosure about the quality of the mortgage pools, Deutsche Bank's underwriting standards, and Deutsche Bank's due diligence results, they would not have issued investment grade credit ratings for the RMBS at issue.

B. Deutsche Bank Pressured The Rating Agencies And Provided Them With False Information

272. In April 2011, the Senate Report revealed that a number of investment banks, including Deutsche Bank, "were pressuring [the rating agencies] to ease rating standards" for RMBS. For example, Defendants routinely threatened to take their business to a different ratings agency. Defendants also blacklisted individual ratings agency analysts who refused to provide favorable credit ratings for the toxic mortgage portfolios they were offloading to investors.

273. Until recently, the rating agencies were conservative institutions that provided independent opinions on the credit risk of corporations to a paying subscribership. This changed, however, with the transformation of the rating agencies' subscriber fee-based businesses to a business that derived revenues largely from the issuers of the securities they rated. From 2004 to 2007, Moody's and S&P—two rating agencies that were regularly employed by Defendants and that rated all of the RMBS at issue—produced a record number of ratings and revenues for rating structured finance products. During that time, S&P issued more than 5,500 RMBS ratings and Moody's issued over 4,000 RMBS ratings. To obtain an RMBS rating, rating agencies charged issuers a fee ranging from $50,000 to more than $1 million. The rating agencies also charged an additional surveillance fee per RMBS ranging from $35,000 to $50,000. As a result, S&P's net annual revenues nearly doubled from $517 million in 2002 to $1.16 billion in 2007, with the structured finance group's revenues tripling from $184 million in 2002 to $561 million in 2007. Moody's reported an increase in its gross revenues for credit ratings from approximately $61

million in 2002 to $208 million in 2006.

274. This change in the rating agencies' business model created an acute conflict of interest, which Deutsche Bank skillfully exploited to the Irish SPVs' and Sealink's detriment. On June 11, 2008, former SEC Chairman Christopher Cox explained the conflict as follows:

> When the Congress passed the Credit Rating Agency Reform Act a year and a half ago, it was well understood that certain conflicts of interest were hardwired into the rating agency business model. But we have learned since then that the ratings of structured products in the subprime area made those conflicts of interest even more acute. That's because structured products were specifically designed for each tranche to achieve a particular credit rating – and the ratings agencies then made a lucrative business of consulting with issuers on exactly how to go about getting those ratings. Selling consulting services to entities that purchased ratings became a triple-A conflict of interest.

275. The pressure on rating agencies was acknowledged by Moody's Chairman and CEO Raymond W. McDaniel who stated in an interview with *The Wall Street Journal* in 2008 that "[e]verybody always seeks to pressure us. Anyone with a position in the credit markets will hope that the credit-rating agencies agree with its opinion. It's a conflict of interest question. We can't avoid conflicts of interest."

276. The rating agencies became dependent upon Deutsche Bank and other investment banks to generate business, and were therefore vulnerable to the threat that those banks would take their business elsewhere. As Moody's chief credit officer, Andy Kimball, explained to the Senate Subcommittee on April 15, 2010, the practice of "ratings shopping"—or choosing the ratings agency that offered the highest ratings—became prevalent during the 2004 to 2007 time period. Gary Witt, former managing director at Moody's, confirmed the widespread practice of ratings shopping during his testimony before the FCIC on April 21, 2010. When asked if investment banks frequently threatened to withdraw their business if they didn't get their desired rating, Witt responded: "Oh God, are you kidding? All the time. I mean, that's routine. I mean,

they would threaten you all the time . . . It's like, 'Well, next time we're just going to go with Fitch and S&P.'"

277. The threat of ratings shopping had an immediate effect on the credit ratings issued by the rating agencies. Richard Michalek, a former Moody's vice president and senior credit officer, explained during his testimony before the FCIC on June 2, 2010, that "[t]he threat of losing business to a competitor, even if not realized, absolutely tilted the balance away from an independent arbiter of risk towards a captive facilitator of risk transfer." Former Moody's senior vice president Mark Froeba explained to the FCIC on June 2, 2010 that Moody's senior management "put in place a new culture that would not tolerate for long any answer that hurt Moody's bottom line," resulting in a "a palpable erosion of institutional support for any rating analysis that threatened market share." Froeba stated:

> When I joined Moody's in late 1997, an analyst's worst fear was that he would contribute to the assignment of a rating that was wrong, damage Moody's reputation for not getting the answer right and lose his job as a result.
>
> When I left Moody's [in 2007], an analyst's worst fear was that he would do something that would allow him to be singled out for jeopardizing Moody's market share, for impairing Moody's revenue or for damaging Moody's relationships with its clients and lose his job as a result.

278. Deutsche Bank employed former ratings agency analysts to convince their old colleagues to accede to Deutsche Bank's demands, and pressured individual ratings agency employees, whose jobs and compensation depended on the number of ratings they issued, if they resisted. For example, Deutsche Bank would complain to the rating agencies' senior management about specific ratings analysts who refused to go along with Defendants' demands, causing those ratings analysts to be placed. A Moody's managing director confirmed to *The Wall Street Journal*, that "Moody's agreed to switch analysts on deals after bankers

complained." *Rating Game: As Housing Boomed, Moody's Opened Up*, The Wall Street Journal (April 11, 2008).

279. Deutsche Bank was often successful in pressuring rating agencies to alter the ratings process to Deutsche Bank's benefit. As a result, Deutsche Bank RMBS were given investment grade ratings that did not accurately reflect the true risk of those securities.

280. Furthermore, as outlined in a July 2008 SEC Report titled, "Summary Report of Issues Identified in the Commission Staff's Examinations of Select Credit Rating Agencies," RMBS issuers such as Deutsche Bank and the credit rating agencies worked together so that securities would receive the highest ratings:

> Typically, if the analyst concludes that the capital structure of the RMBS does not support the desired ratings, this preliminary conclusion would be conveyed to the arranger. The arranger could accept that determination and have the trust issue the securities with the proposed capital structure and the lower rating or adjust the structure to provide the requisite credit enhancement for the senior tranche to get the desired highest rating. Generally, arrangers aim for the largest possible senior tranche, i.e., to provide the least amount of credit enhancement possible, since the senior tranche -- as the highest rated tranche -- pays the lowest coupon rate of the RMBS' tranches and, therefore, costs the arranger the least to fund.

281. On May 13, 2010, *Bloomberg* reported that Deutsche Bank, along with seven other banks, had been subpoenaed by New York Attorney General Andrew Cuomo "to see whether they misled credit-rating services about mortgage-backed securities … [including] whether the banks manipulated the companies' ratings models." Karen Freifeld, *Cuomo Subpoenas Goldman, UBS in Ratings Probe.* The investigative bodies involved in this probe were the New York Attorney General's office, the SEC and the U.S. Attorney's Office in Manhattan.

282. Deutsche Bank also knew that the assigned ratings were untrue because of the false information it was continuously funneling to the rating agencies regarding the quality of the collateralized loans. Deutsche Bank also never provided to the rating agencies the results of Deutsche Bank's due diligence, which would have significantly impacted the rating agencies' ratings, had they not been manipulated by Deutsche Bank.

C. The RMBS Have Been Downgraded To Junk

283. AAA/Aaa rated investments typically have an expected cumulative loss rate of less than 0.5%, with an annual loss rate of close to zero. In general, investment grade rated investments are not expected to suffer annual default rates exceeding 0.5%. For example, according to S&P, the default rate on all investment grade corporate bonds (including AA, A and BB) from 1981 to 2007 averaged about .094% per year.

284. The RMBS at issue were all rated "high grade" investment grade securities when they were purchased by the Irish SPVs. Almost all of the RMBS at issue were rated AAA/Aaa by S&P and Moody's. As shown in ¶34, all of the RMBS have since been downgraded below investment grade to junk, thereby confirming that Deutsche Bank included large numbers of exceptionally poor quality loans into these securitizations.

X. THE IRISH SPVS REASONABLY RELIED ON DEFENDANTS' REPRESENTATIONS

285. In deciding to purchase the RMBS, the Irish SPVs, acting through Sachsen Europe, the asset manager for the Irish SPVs, relied on Defendants' false and misleading representations and omissions of fact regarding the origination and underwriting standards used to create the loan pools and characteristics of the mortgage loans underlying the RMBS. But for Defendants' fraudulent representations and omissions, the Irish SPVs would not have purchased the RMBS.

286. In connection with the sale of the RMBS to the Irish SPVs and other investors, Defendants provided "term sheets" or "free writing prospectuses" that contained material information about the securitization, including (i) the parties to the transaction (e.g., sponsor, depositor, issuer, trustee); (ii) the minimum credit ratings that must be assigned to the Certificates in order for them to be issued; (iii) the risks that the borrowers of the mortgages in the loan pools backing the RMBS would default on their mortgage payments (e.g., credit scores, DTI ratios, and owner-occupancy rates); and (iv) the value of the collateral supporting the RMBS in the case of default or foreclosure (e.g., LTV ratios). Defendants subsequently included the information from the term sheets and free writing prospectuses with minor variations in the prospectus supplements that they sent to the Irish SPVs and other investors when each securitization closed.

287. The Irish SPVs relied on the accuracy of the information that Defendants provided in the term sheets and free writing prospectuses. The Irish SPVs' investment guidelines limited their investment to only the highest quality RMBS with regional and structural diversification. Using the information from the term sheets and free writing prospectuses, Sachsen Europe, on behalf of the Irish SPVs, prepared credit risk assessments in the ordinary

course of business, noting, among other things, the credit ratings of the Certificates, the identity of the loan originators, and the quality of the loans in the designated mortgage pool.

288. The Irish SPVs reasonably relied on Defendants' representations in the Offering Materials. The Irish SPVs did not know (and could not have known) when they purchased the RMBS that: (i) the stated underwriting standards and practices of the mortgage originators from which Deutsche Bank purchased the loans that comprised the RMBS were completely disregarded by the mortgage lenders discussed above, resulting in loans that presented extremely high risks of default; (ii) Deutsche Bank concealed that the due diligence it conducted on the mortgage loans that comprised the relevant RMBS revealed a substantial number of defective loans; (iii) Deutsche Bank materially misrepresented the originators' rampant use of exceptions in the absence of existing compensating factors in order to generate loan volume and profits; (iv) Deutsche Bank concealed that it regularly purchased loans with LTV and CLTV ratios over 100%, which it would then securitize into RMBS and sell to investors such as the Irish SPVs; (v) Deutsche Bank consistently purchased loans with DTI ratios over 55%; (vi) Deutsche Bank misrepresented that the loans underlying its RMBS were issued pursuant to inflated appraisals; (vii) Deutsche Bank misrepresented that the loans comprising the RMBS were issued to borrowers regardless of the borrowers' ability to repay the mortgage loan; and (viii) Deutsche Bank intentionally provided misleading information to the rating agencies to guarantee that triple-A ratings were assinged to the RMBS, such that the initial ratings assigned to the RMBS were never justified and faced an extremely high risk of severe downgrades.

289. Defendants' misrepresentations and omissions of material fact caused the Irish SPVs to suffer losses, because the Irish SPVs bought RMBS that were far riskier—and their rate of default far higher—than Defendants represented them to be and at prices that were far higher

than the true value of the Certificates.

290. Many key allegations that form the basis of Sealink's complaint are from sources that did not become public knowledge until 2010-2011, including: *The Big Short*, published in March 2010; the FCIC Report, released in January 2011; the Senate Report which discussed Defendants' Shorting Report and released numerous emails from Deutsche Bank's global head of RMBS, Greg Lippmann, released in April 2011; and the Government's complaint detailing the fraudulent practices at Mortgage IT, filed in May 2011. Together, these reports and the underlying information revealed for the first time that Defendants created securitizations from mortgage pools that they knew, or at the very least recklessly disregarded, to be much riskier, and therefore less valuable, than they represented to the Irish SPVs.

291. Defendants' misrepresentations and omissions of material fact caused the Irish SPVs to make investment decisions based on materially false information and suffer losses, because the RMBS were far riskier—and their rate of default far higher—than Deutsche Bank represented them to be. As a result, the Irish SPVs paid substantially more for the RMBS than they were actually worth.

XI. PLAINTIFF AND ITS ASSIGNORS SUFFERED LOSSES BECAUSE OF DEUTSCHE BANK'S FRAUDULENT CONDUCT

292. Deutsche Bank's fraudulent practices caused the Certificates to be much riskier than represented at the time of issuance. As a result, the true value of the RMBS was much less than the amount the Irish SPVs paid at the time of purchase. All of the RMBS purchased by the Irish SPVs were rated "high grade" investment grade securities, and most were rated AAA/Aaa. All of the RMBS purchased by the Irish SPVs have since been downgraded to junk.

293. As discussed above, Deutsche Bank's misconduct caused the mortgage pools supporting the RMBS to be much riskier than disclosed to the Irish SPVs or the credit rating

agencies, and the delinquency and foreclosure rates on the underlying mortgages have soared since issuance. As of September 2012, on average, ***over 39%*** of the principal balance of the loans backing the RMBS that the Irish SPVs purchased were over 60 or 90 days delinquent, in foreclosure, bankruptcy, or repossession. The delinquency and foreclosure rates are all the more remarkable because they do not include loans that were already foreclosed upon since issuance and that are therefore no longer included within the loan pools.

XII. CAUSES OF ACTION

FIRST CAUSE OF ACTION
(Common Law Fraud Against Defendants)

294. Sealink repeats and realleges the allegations set forth in the preceding paragraphs, as if fully set forth herein.

295. As alleged above, in the Offering Materials and in their public statements, DBAG, DBSI, ACE Securities, Deutsche Alt-A Securities, and DBSP made fraudulent and false statements of material fact, and omitted material facts necessary to make their statements, in light of the circumstances under which the statements were made, not misleading.

296. As a corporate parent, DBAG directed the activities of DBSI, ACE Securities, Deutsche Alt-A Securities, and DBSP.

297. Defendants knew at the time they sold and marketed each of the RMBS that the foregoing statements were false or, at the very least, made recklessly, without any belief in the truth of the statements.

298. Defendants made these materially false and misleading statements and omissions for the purpose of inducing the Irish SPVs to purchase the RMBS. Furthermore, these statements related to these Defendants' own acts and omissions.

299. Defendants knew or recklessly disregarded that investors like the Irish SPVs were relying on their expertise, and they encouraged such reliance through the Offering Materials. Defendants knew or recklessly disregarded that investors like the Irish SPVs (and Sachsen Europe, on their behalf) would rely upon their representations in connection with their decision to purchase the RMBS. Defendants were in a position of unique and superior knowledge regarding the true facts concerning the foregoing material misrepresentations and omissions.

300. It was only by making such representations that Defendants were able to induce the Irish SPVs to buy the RMBS. The Irish SPVs would not have purchased or otherwise acquired the RMBS but for Defendants' fraudulent representations and omissions about the quality of the RMBS.

301. The Irish SPVs justifiably, reasonably and foreseeably relied upon Defendants' representations and false statements regarding the quality of the RMBS.

302. As a result of the false and misleading statements and omissions, as alleged herein, the Irish SPVs suffered substantial damages. These damages (and the claims asserted herein) have been assigned to Sealink.

SECOND CAUSE OF ACTION
(Fraudulent Inducement Against Defendants)

303. Sealink repeats and realleges the allegations set forth in the preceding paragraphs, as if fully set forth herein.

304. As alleged above, in the Offering Materials and in other communications to the Irish SPVs and Sachsen Europe (on their behalf), DBAG, DBSI, ACE Securities, Deutsche Alt-A Securities, and DBSI made fraudulent and false statements of material fact, and omitted

material facts necessary in order to make their statements, in light of the circumstances under which the statements were made, not misleading.

305. This is a claim for fraudulent inducement against Defendants. As a corporate parent, DBAG directed the activities of DBSI, ACE Securities, Deutsche Alt-A Securities, and DBSP.

306. Defendants knew at the time they sold and marketed each of the RMBS that the foregoing statements were false or, at the very least, made recklessly, without any belief in the truth of the statements.

307. Defendants made these materially misleading statements and omissions for the purpose of inducing the Irish SPVs to purchase the RMBS. Furthermore, these statements related to these Defendants' own acts and omissions.

308. Defendants knew or recklessly disregarded that investors like the Irish SPVs (and Sachsen Europe, on their behalf) were relying on their expertise, and they encouraged such reliance through the Offering Materials. Defendants knew or recklessly disregarded that investors like the Irish SPVs (and Sachsen Europe, on their behalf) would rely upon their representations in connection with their decision to purchase the RMBS. Defendants were in a position of unique and superior knowledge regarding the true facts concerning the foregoing material misrepresentations and omissions.

309. It was only by making such representations that Defendants were able to induce the Irish SPVs to buy the RMBS. The Irish SPVs would not have purchased or otherwise acquired the RMBS but for Defendants' fraudulent representations and omissions about the quality of the RMBS.

310. The Irish SPVs justifiably, reasonably and foreseeably relied upon Defendants' representations and false statements regarding the quality of the RMBS.

311. By virtue of Defendants' false and misleading statements and omissions, as alleged herein, the Irish SPVs suffered substantial damages and are also entitled to a rescission of the sale of the RMBS or to rescissory damages. These damages and this right to rescission (and the claims asserted herein) have been assigned to Sealink.

THIRD CAUSE OF ACTION
(Aiding And Abetting Fraud Against Defendants)

312. Sealink repeats and realleges the allegations set forth in the preceding paragraphs, as if fully set forth herein.

313. This is a claim against the above-named Defendants for aiding and abetting the fraud by DBAG, DBSI, ACE Securities, Deutsche-Alt-A Securities, and DBSP. Each of these Defendants aided and abetted the fraud committed by and among all of the other Defendants.

314. Defendants knew of the fraud perpetrated by them on the Irish SPVs. As alleged in detail above, each Defendant knew that the RMBS were not backed by high quality loans and were not underwritten according to the originators' underwriting standards, conducted due diligence on the loan pools securitized into the Deutsche Bank RMBS purchased by the Irish SPVs that identified the originators' deviations from loan underwriting and appraisal standards, participated in those violations and had actual knowledge of their own acts, or participated in or had actual knowledge of Defendants' reckless or intentional dissemination of false and misleading information to the ratings agencies.

315. Furthermore, each Defendant provided to the other Defendants substantial assistance in advancing the commission of the fraud. As alleged in detail above, each

Defendant participated in the violations of concealing the originators' deviations from their stated mortgage loan underwriting and appraisal standards, made false statements about the originators' mortgage loan underwriting and appraisal standards and Deutsche Bank's own underwriting guidelines, provided false information about the mortgage loans underlying the Certificates to the credit rating agencies, provided false information for use in the Offering Materials, and/or participated in the failure to properly endorse and deliver the mortgage notes and security documents to the issuing trusts.

316. It was foreseeable to Defendants at the time they actively assisted in the commission of the fraud that the Irish SPVs would be harmed as a result of their assistance.

317. As a direct and natural result of the fraud committed by Defendants and Defendants' knowing and active participation therein, the Irish SPVs suffered substantial damages. These damages (and the claims asserted herein) have been assigned to Sealink.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

(a) Awarding rescission, compensatory and/or rescissory damages in favor of Plaintiff against all Defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

(b) Awarding punitive damages for Plaintiff's common law fraud claims

(c) Awarding Plaintiff its reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) Such other relief as the Court may deem just and proper.

JURY DEMAND

Plaintiff demands a trial by jury on all claims so triable.

Dated: October 19, 2012

BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP

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EXHIBIT A

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS
ACE 2007-ASAP1	Prospectus Supplement dated 03/15/07 at S-18: The Sponsor will represent that, as of the Closing Date, each Mortgage Loan is in compliance with applicable federal and state laws and regulations. Prospectus Supplement at S-24: The Mortgage Loans were previously purchased by the Sponsor directly from various third-party originators who originated the Mortgage Loans in accordance with the Sponsor's underwriting guidelines. Prospectus Supplement at S-50: The weighted average combined loan-to-value ratio of the Group II Mortgage Loans at origination was approximately 82.03%. At origination, no Group II Mortgage Loan had a combined loan-to-value ratio greater than approximately 100.00% or less than approximately 17.53%. Prospectus Supplement at S-63- S-64: In underwriting a mortgage loan, the Sponsor considers, among other things, a mortgagor's credit history, repayment ability and debt service-to-income ratio (referred to in this section of the prospectus supplement as the "Debt Ratio"), as well as the value, type and use of the mortgaged property. * * * The Sponsor's [DB Structured Products] contracted underwriting staff fully reviews each loan to determine whether the Sponsor's guidelines for income, assets, employment and collateral are met.

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SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS
	* * * All of the Mortgage Loans were reviewed by the Sponsor's contract underwriters. Prospectus Supplement at S-65: The Sponsor conducts a number of quality control procedures, including a full reunderwriting of a random selection of mortgage loans to assure asset quality. Under the asset quality procedure, a random selection of each month's originations is reviewed. The mortgage loan review confirms the existence and accuracy of legal documents, credit documentation, appraisal analysis and underwriting decision. A report detailing audit findings and level of error is sent monthly to management for response. The audit findings and management responses are then reviewed by the Sponsor's senior management. Adverse findings are tracked monthly and over a rolling six month period. This review procedure allows the Sponsor to assess programs for potential guideline changes, program enhancements, appraisal policies, areas of risk to be reduced or eliminated and the need for additional staff training. Under the DB-ASAP Program, various risk categories are used to grade the likelihood that the applicant will satisfy the repayment conditions of the loan. These risk categories establish the maximum permitted loan-to-value ratio and loan amount, given the occupancy status of the mortgaged property and the applicant's credit history and Debt Ratio…. * * * The Debt Ratio generally may not exceed 50.49% for all credit scores on Full Documentation Program and Limited Income Verification Program mortgage loans. Loans meeting the residual income requirements may have a maximum Debt Ratio of 55.49%. The Debt Ratio for No Income Verification Program mortgage loans may not exceed 50.49%.

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SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS
	Pros. Supp. at S-62 – S-63: The Mortgage Loans were originated by various third party originators pursuant to the underwriting standard described in this section and were reviewed by the Sponsor to ensure conformity with such underwriting standards. The Sponsor's underwriting standards are primarily intended to assess the ability and willingness of a borrower to repay the debt of the mortgage loan and to evaluate the adequacy of the related mortgaged property as collateral for the mortgage loan. All of the Mortgage Loans were underwritten with a view towards resale in the secondary mortgage market. In underwriting a mortgage loan, the Sponsor considers, among other things, a mortgagor's credit history, repayment ability and debt service-to-income ratio (referred to in this section of the prospectus supplement as the "Debt Ratio"), as well as the value, type and use of the mortgaged property. The Mortgage Loans generally were not originated in accordance with Fannie Mae and Freddie Mac standards. Pros. Supp. at S-63 – S-64: The Sponsor has one underwriting program called the DB-ASAP Program. The DB-ASAP Program was developed to simplify the origination process for the DB-ASAP Program Sellers, and uses Credit Bureau Risk Scores to this end. In contrast to assignment of credit grades according to traditional non-agency credit assessment methods, i.e., mortgage and other credit delinquencies, the Sponsor relies upon a borrower's Credit Bureau Risk Score initially to determine a borrower's likely future credit performance. DBASAP Program Sellers are able to access Credit Bureau Risk Scores at the initial phases of the loan application process and use the score to determine a borrower's interest rate based upon the DBASAP Program risk-based pricing matrix (subject to final loan approval by the Sponsor)....The Credit Bureau Risk Score is used by the underwriter as an aid, and does not substitute for the underwriter's judgment.

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SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS
	* * * Under the DB-ASAP Program, the Sponsor requires that the Credit Bureau Risk Score of the primary borrower (the borrower with at least 51.00% of total income for all loan-to-value ratios) be used to determine program eligibility…Generally, the minimum Credit Bureau Risk Score allowed under the DB-ASAP Full Documentation Program and Limited Documentation Verification Program is 540. Generally, the minimum Credit Bureau Risk Score allowed under the DB-ASAP No Income Verification Program is 560. Generally, the minimum Credit Bureau Risk Score allowed under the DB-ASAP No Documentation Program is 660. * * * The applicant generally must have a sufficiently established credit history to qualify for the appropriate Credit Bureau Risk Score range under the DB-ASAP Program. This credit history is substantiated by a three repository merged report prepared by an independent credit report agency. The report typically summarizes the applicant's entire credit history, and generally includes a seven year public record search for each address where the applicant has lived during the two years prior to the issuance of the credit report and contains information relating to such matters as credit history with local and national merchants and lenders, installment debt payments and any record of defaults, bankruptcy, repossession, suits or judgments. In some instances, borrowers with a minimal credit history are eligible for financing under the DB-ASAP Program. * * * The Credit Bureau Risk Score, along with the loan-to-value ratio, is an important tool in assessing the creditworthiness of a borrower. However, these two factors are not the only considerations in underwriting a loan. The Sponsor’s contracted underwriting staff fully reviews each loan to determine whether the Sponsor's guidelines for income, assets, employment and collateral are met.

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SECURITIZATION	**FALSE AND MISLEADING STATEMENTS REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS**
	* * * All of the Mortgage Loans were reviewed by the Sponsor's contract underwriters. On a case by case basis, the Sponsor may determine that, based upon compensating factors, a prospective borrower who does not strictly qualify under the underwriting risk category guidelines described below warrants an underwriting exception. Compensating factors may include, but are not limited to, low loan-to-value ratio, low Debt Ratio, substantial liquid assets, good credit history, stable employment and time in residence at the applicant's current address. It is expected that an insignificant portion of the Mortgage Loans may represent such underwriting exceptions. Prospectus Supplement at S-65: The Sponsor acquires mortgage loans secured by 1-4 unit residential properties made to eligible borrowers with a vested fee simple (or in some cases a leasehold) interest in the property. The Sponsor's guidelines are applied in accordance with a procedure which complies with applicable federal and state laws and regulations and generally require an appraisal of the mortgaged property which conforms to Freddie Mac and/or Fannie Mae standards and, if appropriate, a review appraisal. Generally, appraisals are provided by an approved list of appraisers maintained by the Sponsor. Additionally, review appraisals may only be provided by appraisers other than the original appraiser approved by the Sponsor. In some cases, the Sponsor relies on a statistical appraisal methodology provided by a third-party. Each review appraisal includes a market data analysis based on recent sales of comparable homes in the area and, where deemed appropriate, replacement cost analysis based on the current cost of constructing a similar home.

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SECURITIZATION	**FALSE AND MISLEADING STATEMENTS REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS**
	* * * The Sponsor conducts a number of quality control procedures, including a full reunderwriting of a random selection of mortgage loans to assure asset quality. Under the asset quality procedure, a random selection of each month's originations is reviewed. The mortgage loan review confirms the existence and accuracy of legal documents, credit documentation, appraisal analysis and underwriting decision. Prospectus Supplement at S-66: If, as of the Closing Date, any material pool characteristic differs by 5% or more from the description in prospectus supplement, revised disclosure will be provided either in a supplement to this prospectus supplement or in a Current Report on Form 8-K.

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SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS
ACE 2007-ASAP2	Prospectus Supplement dated 05/23/07 at S-19: The Sponsor [DB Structured Products] will represent that, as of the Closing Date, each Mortgage Loan is in compliance with applicable federal and state laws and regulations. Prospectus Supplement at S-25: The Mortgage Loans were previously purchased by the Sponsor directly from various third-party originators who originated the Mortgage Loans in accordance with the Sponsor's underwriting guidelines. Prospectus Supplement at S-52: The weighted average combined loan-to-value ratio of the Group II Mortgage Loans at origination was approximately 80.53%. At origination, no Group II Mortgage Loan had a combined loan-to-value ratio greater than approximately 100.00% or less than approximately 18.49%. Prospectus Supplement at S-69: The Sponsor's contracted underwriting staff fully reviews each loan to determine whether the Sponsor's guidelines for income, assets, employment and collateral are met. * * * All of the Mortgage Loans were reviewed by the Sponsor's contract underwriters.

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SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS
	Prospectus Supplement at S-70: The Sponsor conducts a number of quality control procedures, including a full reunderwriting of a random selection of mortgage loans to assure asset quality. Under the asset quality procedure, a random selection of each month's originations is reviewed. The mortgage loan review confirms the existence and accuracy of legal documents, credit documentation, appraisal analysis and underwriting decision. A report detailing audit findings and level of error is sent monthly to management for response. The audit findings and management responses are then reviewed by the Sponsor's senior management. Adverse findings are tracked monthly and over a rolling six month period. This review procedure allows the Sponsor to assess programs for potential guideline changes, program enhancements, appraisal policies, areas of risk to be reduced or eliminated and the need for additional staff training. Prospectus Supplement at S-67 – S-68: The Mortgage Loans were originated by various third party originators pursuant to the underwriting standard described in this section and were reviewed by the Sponsor to ensure conformity with such underwriting standards. The Sponsor's underwriting standards are primarily intended to assess the ability and willingness of a borrower to repay the debt of the mortgage loan and to evaluate the adequacy of the related mortgaged property as collateral for the mortgage loan. All of the Mortgage Loans were underwritten with a view towards resale in the secondary mortgage market. In underwriting a mortgage loan, the Sponsor considers, among other things, a mortgagor's credit history, repayment ability and debt service-to-income ratio (referred to in this section of the prospectus supplement as the "Debt Ratio"), as well as the value, type and use of the mortgaged property. The Mortgage Loans generally were not originated in accordance with Fannie Mae and Freddie Mac standards.

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SECURITIZATION	**FALSE AND MISLEADING STATEMENTS REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS**
	Prospectus Supplement at S-68 – S-69: The Sponsor has one underwriting program called the DB-ASAP Program. The DB-ASAP Program was developed to simplify the origination process for the DB-ASAP Program Sellers, and uses Credit Bureau Risk Scores to this end. In contrast to assignment of credit grades according to traditional non-agency credit assessment methods, i.e., mortgage and other credit delinquencies, the Sponsor relies upon a borrower's Credit Bureau Risk Score initially to determine a borrower's likely future credit performance… The Credit Bureau Risk Score is used by the underwriter as an aid, and does not substitute for the underwriter's judgment. * * * Under the DB-ASAP Program, the Sponsor requires that the Credit Bureau Risk Score of the primary borrower (the borrower with at least 51.00% of total income for all loan-to-value ratios) be used to determine program eligibility…Generally, the minimum Credit Bureau Risk Score allowed under the DB-ASAP Full Documentation Program and Limited Documentation Verification Program is 540. Generally, the minimum Credit Bureau Risk Score allowed under the DB-ASAP No Income Verification Program is 560. Generally, the minimum Credit Bureau Risk Score allowed under the DB-ASAP No Documentation Program is 660. * * * The applicant generally must have a sufficiently established credit history to qualify for the appropriate Credit Bureau Risk Score range under the DB-ASAP Program. This credit history is substantiated by a three repository merged report prepared by an independent credit report agency. The report typically summarizes the applicant's entire credit history, and generally includes a seven year public record search for each address where the applicant has lived during the two years prior to the issuance of the credit report and contains information relating to such matters as credit history with local and national merchants and lenders, installment debt payments and any record of defaults, bankruptcy, repossession,

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SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS
	suits or judgments. In some instances, borrowers with a minimal credit history are eligible for financing under the DB-ASAP Program. The Credit Bureau Risk Score, along with the loan-to-value ratio, is an important tool in assessing the creditworthiness of a borrower. However, these two factors are not the only considerations in underwriting a loan. The Sponsor's contracted underwriting staff fully reviews each loan to determine whether the Sponsor's guidelines for income, assets, employment and collateral are met. * * * All of the Mortgage Loans were reviewed by the Sponsor's contract underwriters. On a case by case basis, the Sponsor may determine that, based upon compensating factors, a prospective borrower who does not strictly qualify under the underwriting risk category guidelines described below warrants an underwriting exception. Compensating factors may include, but are not limited to, low loan-to-value ratio, low Debt Ratio, substantial liquid assets, good credit history, stable employment and time in residence at the applicant's current address. It is expected that an insignificant portion of the Mortgage Loans may represent such underwriting exceptions. Prospectus Supplement at S-69 – S-70: The Sponsor acquires mortgage loans secured by one-to-four unit residential properties made to eligible borrowers with a vested fee simple (or in some cases a leasehold) interest in the property. The Sponsor's guidelines are applied in accordance with a procedure which complies with applicable federal and state laws and regulations and generally require an appraisal of the mortgaged property which conforms to Freddie Mac and/or Fannie Mae standards and, if appropriate, a review appraisal. Generally, appraisals are provided by an approved list of appraisers maintained by the Sponsor. Additionally, review appraisals may only be provided by appraisers other than the original appraiser approved by the Sponsor. In some cases, the Sponsor relies on a statistical appraisal methodology provided by a third-party.

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SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS
	Each review appraisal includes a market data analysis based on recent sales of comparable homes in the area and, where deemed appropriate, replacement cost analysis based on the current cost of constructing a similar home. * * * The Sponsor conducts a number of quality control procedures, including a full reunderwriting of a random selection of mortgage loans to assure asset quality. Under the asset quality procedure, a random selection of each month's originations is reviewed. The mortgage loan review confirms the existence and accuracy of legal documents, credit documentation, appraisal analysis and underwriting decision. Under the DB-ASAP Program, various risk categories are used to grade the likelihood that the applicant will satisfy the repayment conditions of the loan. These risk categories establish the maximum permitted loan-to-value ratio and loan amount, given the occupancy status of the mortgaged property and the applicant's credit history and Debt Ratio. * * * The Debt Ratio generally may not exceed 50.49% for all credit scores on Full Documentation Program and Limited Income Verification Program mortgage loans. Loans meeting the residual income requirements may have a maximum Debt Ratio of 55.49%. The Debt Ratio for No Income Verification Program mortgage loans may not exceed 50.49%. Prospectus Supplement at S-71: If, as of the Closing Date, any material pool characteristic differs by 5% or more from the description in this prospectus supplement, revised disclosure will be provided either in a supplement to this prospectus supplement or in a Current Report on Form 8-K.

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SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS
ACE 2007-WM1	Prospectus Supplement dated 09/28/06 at S-18: The Sponsor [DB Structured Products] will represent that, as of the Closing Date, each Mortgage Loan is in compliance with applicable federal and state laws and regulations. Prospectus Supplement at S-22: DB Structured Products, Inc. (the "Sponsor"), will sell the Mortgage Loans to ACE Securities Corp. (the "Depositor") and the Depositor will convey the Mortgage Loans to the trust fund in exchange for and concurrently with the delivery of the certificates. Net proceeds from the sale of the Offered Certificates will be applied by the Depositor to the purchase of the Mortgage Loans from the Sponsor. Such net proceeds together with certain classes of certificates not offered by this prospectus supplement will represent the purchase price to be paid by the Depositor to the Sponsor for the Mortgage Loans. The Mortgage Loans were previously purchased by the Sponsor directly from the Originator. Prospectus Supplement at S-47: The weighted average combined loan-to-value ratio of the Group II Mortgage Loans at origination was approximately 82.66%. At origination, no Group II Mortgage Loan had a combined loan-to-value ratio greater than approximately 100.00% or less than approximately 23.87%. Prospectus Supplement at S-58: The mortgage loans have been either (i) originated generally in accordance with the underwriting guidelines established by WMC (collectively, the "**Underwriting Guidelines**") or (ii) purchased by GE Money Bank after re-underwriting the mortgage loans generally in accordance with the Underwriting Guidelines. WMC also originates certain other mortgage loans that are underwritten to the guidelines of specific investors, however, such mortgage loans are not included among those sold to the trust as described in this prospectus supplement. The Underwriting Guidelines are primarily intended to (a)

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SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS
	determine that the borrower has the ability to repay the mortgage loan in accordance with its terms and (b) determine that the related mortgaged property will provide sufficient value to recover the investment if the borrower defaults. On a case-by-case basis WMC may determine that, based upon compensating factors, a prospective mortgagor not strictly qualifying under the underwriting risk category or other guidelines described below warrants an underwriting exception. Compensating factors may include, but are not limited to, low debt-to-income ratio ("**Debt Ratio**"), good mortgage payment history, an abundance of cash reserves, excess disposable income, stable employment and time in residence at the applicant's current address. It is expected that a substantial number of the mortgage loans to be included in the trust will represent such underwriting exceptions. Prospectus Supplement at S-59: Under the Underwriting Guidelines, WMC verifies the loan applicant's eligible sources of income for all products, calculates the amount of income from eligible sources indicated on the loan application, reviews the credit and mortgage payment history of the applicant and calculates the Debt Ratio to determine the applicant's ability to repay the loan, and reviews the mortgaged property for compliance with the Underwriting Guidelines. The Underwriting Guidelines are applied in accordance with a procedure which complies with applicable federal and state laws and regulations… * * * All mortgage loans originated or purchased under the Underwriting Guidelines are based on loan application packages submitted through mortgage brokerage companies or on loan files (which include loan application documentation) submitted by correspondents. Loan application packages submitted through mortgage brokerage companies, containing in each case relevant credit, property and underwriting information on the loan request, are compiled by the applicable mortgage brokerage company and submitted to WMC for approval and funding.

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SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS
	Prospectus Supplement at S-59: The Underwriting Guidelines are applied in accordance with a procedure which complies with applicable federal and state laws and regulations and require, among other things, (1) an appraisal of the mortgaged property which conforms to Uniform Standards of Professional Appraisal Practice and (2) an audit of such appraisal by a WMC-approved appraiser or by WMC's in-house collateral auditors (who may be licensed appraisers) and such audit may in certain circumstances consist of a second appraisal, a field review, a desk review or an automated valuation model. Prospectus Supplement at S-59 – S-60: The Underwriting Guidelines require that the documentation accompanying each mortgage loan application include, among other things, a tri-merge credit report on the related applicant from a credit reporting company aggregator. The report typically contains information relating to such matters as credit history with local and national merchants and lenders, installment debt payments and any record of defaults, bankruptcy, repossession, suits or judgments. In most instances, WMC obtains a tri-merge credit score independent from the mortgage loan application from a credit reporting company aggregator. In the case of purchase money mortgage loans, WMC generally validates the source of funds for the down payment. In the case of mortgage loans originated under the Full Documentation category, the Underwriting Guidelines require documentation of income (which may consist of (1) a verification of employment form covering a specified time period which varies with LTV, (2) two most recent pay stubs and two years of tax returns or W-2s, (3) verification of deposits and/or (4) bank statements) and telephonic verification. Under the Full-Alternative Documentation category, only 24 months of bank statements are required (depending upon the LTV) and telephonic verification of employment, under the Limited Documentation category only 12 months of bank statements (or a W-2 for the most current year and a current pay stub) are required, and under the Lite Documentation category only six months of bank statements (or a current pay stub covering the six month period) are required. For mortgage loans originated under the Stated Income/Verified Assets (Streamlined)

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	Documentation category, WMC requires verification of funds equal to two months of principal, interest, taxes and insurance, sourced and seasoned for at least sixty days. In the case of mortgage loans originated under the Stated Income Documentation and Stated Income/Verified Assets (Streamlined) Documentation categories, the Underwriting Guidelines require (1) that income be stated on the application, accompanied by proof of self employment in the case of self-employed individuals, (2) that a WMC pre-funding auditor conduct telephonic verification of employment, or in the case of self-employed individuals, telephonic verification of business line and (3) that stated income be consistent with type of work listed on the application. Prospectus Supplement at S-60: The Underwriting Guidelines are less stringent than the standards generally acceptable to Fannie Mae and Freddie Mac with regard to the mortgagor's credit standing, Debt Ratios, documentation programs, and in certain other respects. Mortgagors who qualify under the Underwriting Guidelines may 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 Underwriting Guidelines establish the maximum permitted LTV for each loan type based upon these and other risk factors. Prospectus Supplement at S-60 – S-61: Under the Underwriting Guidelines, various risk categories are used to grade the likelihood that the mortgagor will satisfy the repayment conditions of the mortgage loan. These risk categories establish the maximum permitted LTV, maximum loan amount and the allowed use of loan proceeds given the borrower's mortgage payment history, the borrower's consumer credit history, the borrower's liens/charge-offs/bankruptcy history, the borrower's Debt Ratio, the borrower's use of proceeds (purchase or refinance), the documentation type and other factors. In general, higher credit risk mortgage loans are graded in categories that require lower Debt Ratios and permit more (or more recent) major derogatory credit items such as outstanding judgments or prior bankruptcies… The

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	Underwriting Guidelines specify the following risk categories and associated criteria for grading the potential likelihood that an applicant will satisfy the repayment obligations of a mortgage loan. However, as described above, the following are guidelines only, and exceptions are made on a case-specific basis. In addition, variations of the following criteria are applicable under the programs established by WMC for the origination of jumbo loans in excess of $650,000 ($850,000 under WMC Select (for other than interest only loans); $950,000 for interest only loans under WMC Select) and for the origination of mortgage loans secured by mortgages on condominiums, vacation and second homes, manufactured housing and two- to four-family properties. Jumbo loans are originated under all documentation programs to borrowers with minimum Credit Scores of 620 (600 under WMC Select), a maximum Debt Ratio of 50% and who satisfy other requirements as set forth in the Underwriting Guidelines. WMC sometimes has special loan programs which increase the maximum principal balance limit for jumbo loans provided the borrowers meet other credit criteria. Prospectus Supplement at S-61: Jumbo loans are originated under all documentation programs to borrowers with minimum Credit Scores of 620 (600 under WMC Select), a maximum Debt Ratio of 50% and who satisfy other requirements as set forth in the Underwriting Guidelines. Prospectus Supplement at S-62: [Risk Category “AA”:] Maximum debt ratio: Limited to 55% for all documentation types except Stated Income Documentation, which is limited to 50%. Prospectus Supplement at S-64: [Risk Category “A”:] Maximum debt ratio: Limited to 55% for all documentation types except Stated Income Documentation, which is limited to 50%.

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	Prospectus Supplement at S-66: [Risk Category "A-":] Maximum debt ratio: Limited to 55% for all documentation types except Stated Income Documentation, which is limited to 50%. Prospectus Supplement at S-67: [Risk Category "B+":] Maximum debt ratio: Limited to 55% for all documentation types except Stated Income Documentation, which is limited to 50%. Prospectus Supplement at S-69: [Risk Category "B-":] Maximum debt ratio: Limited to 55% for all documentation types except Stated Income Documentation, which is limited to 50%. Prospectus Supplement at S-70: [Risk Category "C":] Maximum debt ratio: Limited to 55% for all documentation types except Stated Income Documentation, which is limited to 50%.

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<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS</th></tr>
<tr><td>DBALT 2006-AR4</td><td>
Prospectus Supplement dated 12/14/06 at S-18:

The sponsor will represent that, as of the closing date, each mortgage loan is in compliance with applicable federal and state laws and regulations.

Prospectus Supplement at S-24:

At origination, the Initial Mortgage Loans had approximate loan-to-value ratios as described in the table below.
<table>
<tr><th>Approximate Loan-to-Value Ratio</th><th>Percentage of Initial Mortgage Loans by Principal Balance</th></tr>
<tr><td>Less than or equal to 80%</td><td>96.64%</td></tr>
<tr><td>Greater than 80%, but less than or equal to 95%</td><td>3.36%</td></tr>
</table>
Prospectus Supplement at S-41:

Except with respect to the mortgage loans originated pursuant to its Streamlined Documentation Program, whose values were confirmed with a Fannie Mae proprietary automated valuation model, Countrywide Home Loans obtains appraisals from independent appraisers or appraisal services for properties that are to secure mortgage loans. The appraisers inspect and appraise the proposed mortgaged property and verify that the property is in acceptable condition. Following each appraisal, the appraiser prepares a report which includes a market data analysis based on recent sales of comparable homes in the area and, when deemed appropriate, a replacement cost analysis based on the current cost of constructing a similar home. All appraisals are required to conform to Fannie Mae or Freddie Mac appraisal standards then in effect.
</td></tr>
</table>

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SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS
	Prospectus Supplement at S-42: The sponsor [DB Structured Products] is responsible for pooling the mortgage loans to be securitized by the depositor, negotiating the principal securitization transaction documents and participating with the underwriter in the structuring of such transactions. Countrywide Home Loans Countrywide Home Loans' underwriting standards are applied in accordance with applicable federal and state laws and regulations. As part of its evaluation of potential borrowers, Countrywide Home Loans generally requires a description of income. If required by its underwriting guidelines, Countrywide Home Loans obtains employment verification providing current and historical income information and/or a telephonic employment confirmation. Such employment verification may be obtained, either through analysis of the prospective borrower's recent pay stub and/or W-2 forms for the most recent two years, relevant portions of the most recent two years' tax returns, or from the prospective borrower's employer, wherein the employer reports the length of employment and current salary with that organization. Self-employed prospective borrowers generally are required to submit relevant portions of their federal tax returns for the past two years. In assessing a prospective borrower's creditworthiness, Countrywide Home Loans may use FICO Credit Scores. * * * Periodically the data used by Countrywide Home Loans to complete the underwriting analysis may be obtained by a third party, particularly for mortgage loans originated through a loan correspondent or mortgage broker. In those instances, the initial determination as to whether a mortgage loan complies with Countrywide Home Loans' underwriting guidelines may be made by an independent company hired to perform underwriting services on behalf of Countrywide Home Loans, the loan correspondent or mortgage broker. In addition, Countrywide Home Loans may acquire mortgage loans from approved correspondent lenders under a program pursuant to which Countrywide Home Loans delegates to the

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	correspondent the obligation to underwrite the mortgage loans to Countrywide Home Loans' standards. Under these circumstances, the underwriting of a mortgage loan may not have been reviewed by Countrywide Home Loans before acquisition of the mortgage loan and the correspondent represents that Countrywide Home Loans' underwriting standards have been met. After purchasing mortgage loans under those circumstances, Countrywide Home Loans conducts a quality control review of a sample of the mortgage loans. The number of loans reviewed in the quality control process varies based on a variety of factors, including Countrywide Home Loans' prior experience with the correspondent lender and the results of the quality control review process itself. * * * Countrywide Home Loans' underwriting standards are applied by or on behalf of Countrywide Home Loans to evaluate the prospective borrower's credit standing and repayment ability and the value and adequacy of the mortgaged property as collateral. Prospectus Supplement at S-41: The nature of the information that a borrower is required to disclose and whether the information is verified depends, in part, on the documentation program used in the origination process. In general under the Full Documentation Loan Program (the "***Full Documentation Program***"), each prospective borrower is required to complete an application which includes information with respect to the applicant's assets, liabilities, income, credit history, employment history and other personal information. Self-employed individuals are generally required to submit their two most recent federal income tax returns. Under the Full Documentation Program, the underwriter verifies the information contained in the application relating to employment, income, assets and mortgages.

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	* * * A prospective borrower may be eligible for a loan approval process that limits or eliminates Countrywide Home Loans' standard disclosure or verification requirements or both. Countrywide Home Loans offers the following documentation programs as alternatives to its Full Documentation Program: an Alternative Documentation Loan Program (the "***Alternative Documentation Program***"), a Reduced Documentation Loan Program (the "***Reduced Documentation Program***"), a CLUES Plus Documentation Loan Program (the "***CLUES Plus Documentation Program***"), a No Income/No Asset Documentation Loan Program (the "***No Income/No Asset Documentation Program***"), a Stated Income/Stated Asset Documentation Loan Program (the "***Stated Income/Stated Asset Documentation Program***") and a Streamlined Documentation Loan Program (the "***Streamlined Documentation Program***"). * * * For all mortgage loans originated or acquired by Countrywide Home Loans, Countrywide Home Loans obtains a credit report relating to the applicant from a credit reporting company. The credit report typically contains information relating to such matters as credit history with local and national merchants and lenders, installment debt payments and any record of defaults, bankruptcy, dispossession, suits or judgments. All adverse information in the credit report is required to be explained by the prospective borrower to the satisfaction of the lending officer. * * * In addition to Countrywide Home Loans' standard underwriting guidelines (the "***Standard Underwriting Guidelines***"), which are consistent in many respects with the guidelines applied to mortgage loans purchased by Fannie Mae and Freddie Mac, Countrywide Home Loans uses underwriting guidelines featuring expanded criteria (the "***Expanded Underwriting Guidelines***").

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	Prospectus Supplement at S-42 – S-43: In connection with the Standard Underwriting Guidelines, Countrywide Home Loans originates or acquires mortgage loans under the Full Documentation Program, the Alternative Documentation Program, the Reduced Documentation Program, the CLUES Plus Documentation Program or the Streamlined Documentation Program. The Alternative Documentation Program permits a borrower to provide W-2 forms instead of tax returns covering the most recent two years, permits bank statements in lieu of verification of deposits and permits alternative methods of employment verification. Under the Reduced Documentation Program, some underwriting documentation concerning income, employment and asset verification is waived. Countrywide Home Loans obtains from a prospective borrower either a verification of deposit or bank statements for the two-month period immediately before the date of the mortgage loan application or verbal verification of employment. Since information relating to a prospective borrower's income and employment is not verified, the borrower's debt-to-income ratios are calculated based on the information provided by the borrower in the mortgage loan application…The CLUES Plus Documentation Program permits the verification of employment by alternative means, if necessary, including verbal verification of employment or reviewing paycheck stubs covering the pay period immediately prior to the date of the mortgage loan application. To verify the borrower's assets and the sufficiency of the borrower's funds for closing, Countrywide Home Loans obtains deposit or bank account statements from each prospective borrower for the month immediately prior to the date of the mortgage loan application. Under the CLUES Plus Documentation Program, the maximum Loan-to-Value Ratio is 75% and property values may be based on appraisals comprising only interior and exterior inspections. Cash-out refinances and investor properties are not permitted under the CLUES Plus Documentation Program. The Streamlined Documentation Program is available for borrowers who are refinancing an existing mortgage loan that was originated or acquired by Countrywide Home Loans provided that, among other things, the mortgage loan has not been more than 30 days delinquent in payment during the previous twelve-month period. Under the Streamlined Documentation Program, appraisals are obtained only if the loan amount of the loan being refinanced had a Loan-to-Value Ratio at the time of origination in excess of 80% or if the loan amount of the new loan being originated is greater than $650,000. In addition, under the Streamlined Documentation Program, a credit report is

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	obtained but only a limited credit review is conducted, no income or asset verification is required, and telephonic verification of employment is permitted. Prospectus Supplement at S-42: Under its Standard Underwriting Guidelines, Countrywide Home Loans generally permits a debt-to-income ratio based on the borrower's monthly housing expenses of up to 33% and a debt-to-income ratio based on the borrower's total monthly debt of up to 38%. Prospectus Supplement at S-43 – S-44: The Expanded Underwriting Guidelines also permit higher debt-to-income ratios than mortgage loans underwritten pursuant to the Standard Underwriting Guidelines. Under its Expanded Underwriting Guidelines, Countrywide Home Loans generally permits a debt-to-income ratio based on the borrower's monthly housing expenses of up to 36% and a debt-to-income ratio based on the borrower's total monthly debt of up to 40%; provided, however, that if the Loan-to-Value Ratio exceeds 80%, the maximum permitted debt-to-income ratios are 33% and 38%, respectively. Prospectus Supplement at S-43 – S-44: Mortgage loans which are underwritten pursuant to the Expanded Underwriting Guidelines may have higher Loan-to-Value Ratios, higher loan amounts and different documentation requirements than those associated with the Standard Underwriting Guidelines. The Expanded Underwriting Guidelines also permit higher debt-to-income ratios than mortgage loans underwritten pursuant to the Standard Underwriting Guidelines.

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	* * * In connection with the Expanded Underwriting Guidelines, Countrywide Home Loans originates or acquires mortgage loans under the Full Documentation Program, the Alternative Documentation Program, the Reduced Documentation Loan Program, the No Income/No Asset Documentation Program and the Stated Income/Stated Asset Documentation Program. Neither the No Income/No Asset Documentation Program nor the Stated Income/Stated Asset Documentation Program is available under the Standard Underwriting Guidelines. The same documentation and verification requirements apply to mortgage loans documented under the Alternative Documentation Program regardless of whether the loan has been underwritten under the Expanded Underwriting Guidelines or the Standard Underwriting Guidelines. However, under the Alternative Documentation Program, mortgage loans that have been underwritten pursuant to the Expanded Underwriting Guidelines may have higher loan balances and Loan-to-Value Ratios than those permitted under the Standard Underwriting Guidelines. Similarly, the same documentation and verification requirements apply to mortgage loans documented under the Reduced Documentation Program regardless of whether the loan has been underwritten under the Expanded Underwriting Guidelines or the Standard Underwriting Guidelines. However, under the Reduced Documentation Program, higher loan balances and Loan-to-Value Ratios are permitted for mortgage loans underwritten pursuant to the Expanded Underwriting Guidelines than those permitted under the Standard Underwriting Guidelines… The borrower is not required to disclose any income information for some mortgage loans originated under the Reduced Documentation Program, and accordingly debt-to-income ratios are not calculated or included in the underwriting analysis… Under the No Income/No Asset Documentation Program, no documentation relating to a prospective borrower's income, employment or assets is required and therefore debt-to-income ratios are not calculated or included in the underwriting analysis, or if the documentation or calculations are included in a mortgage loan file, they are not taken into account for purposes of the underwriting analysis. This program is limited to borrowers with excellent credit histories…Mortgage loans originated under the No Income/No Asset Documentation Program are

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	generally eligible for sale to Fannie Mae or Freddie Mac. Under the Stated Income/Stated Asset Documentation Program, the mortgage loan application is reviewed to determine that the stated income is reasonable for the borrower's employment and that the stated assets are consistent with the borrower's income…Mortgage loans originated under the Stated Income/Stated Asset Documentation Program are generally eligible for sale to Fannie Mae or Freddie Mac.

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<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS</th></tr>
<tr><td>DBALT 2006-AR6</td><td>Prospectus Supplement dated 12/14/06 at S-18:

The sponsor will represent that, as of the closing date, each mortgage loan is in compliance with applicable federal and state laws and regulations.

Prospectus Supplement at S-24:

At origination, the Mortgage Loans had approximate loan-to-value ratios as described in the table below.
<table><tr><th>Approximate Loan-to-Value Ratio</th><th>Percentage of Mortgage Loans by Principal Balance</th></tr><tr><td>Less than or equal to 80%</td><td>95.90%</td></tr><tr><td>Greater than 80%, but less than or equal to 95%</td><td>2.90%</td></tr></table>
Prospectus Supplement at S-40:

Every MortgageIT mortgage loan is secured by a property that has been appraised by a licensed appraiser in accordance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation. The appraisers perform on site inspections of the property and report on the neighborhood and property condition in factual and specific terms. Loans in excess of one million dollars require (i) two full appraisals or (ii) one full appraisal and a field review, ordered by a MortgageIT-approved national appraiser, including photographs of the interior and the exterior of the subject property. Each appraisal contains an opinion of value that represents the appraiser’s professional conclusion based on market data of sales of comparable properties, a logical analysis with adjustments for differences between the comparable sales and the subject property and the appraiser’s judgment. In addition, a MortgageIT underwriter or a mortgage insurance company contract underwriter reviews each appraisal for accuracy and consistency.</td></tr>
</table>

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	Prospectus Supplement at S-40 – S-41: MortgageIT MortgageIT's underwriting philosophy is to weigh all risk factors inherent in the loan file, giving consideration to the individual transaction, borrower profile, the level of documentation provided and the property used to collateralize the debt. Because each loan is different, MortgageIT expects and encourages underwriters to use professional judgment based on their experience in making a lending decision. MortgageIT underwrites a borrower's creditworthiness based solely on information that MortgageIT believes is indicative of the applicant's willingness and ability to pay the debt they would be incurring. * * * The mortgage loans have been originated under "full/alternative", "stated income/verified assets", "stated income/stated assets", "no documentation" or "no ratio" programs. The "full/alternative" documentation programs generally verify income and assets in accordance with Fannie Mae/Freddie Mac underwriting requirements. The stated income/verified assets, stated income/stated assets, no documentation or no ratio programs generally require less documentation and verification than do full documentation programs which generally require standard Fannie Mae/Freddie Mac approved forms for verification of income/employment, assets and certain payment histories. Generally, under both "full/alternative" documentation programs, at least one month of income documentation is provided. This documentation is also required to include year-to-date income or prior year income in case the former is not sufficient to establish consistent income. Generally, under a "stated income/verified assets" program, no verification of a mortgagor's income is undertaken by the origination; however, verification of the mortgagor's assets is obtained. Under a "stated income/stated assets" program, the originator undertakes no verification of either a mortgagor's income or a mortgagor's assets, although both income and assets are stated on the loan application and subject to reasonable underwriting approval. Generally, under a "no documentation" program, the mortgagor is not required to state his or

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	her income or assets and therefore, the originator undertakes no verification of such mortgagor's income or assets. The underwriting for such mortgage loans may be based primarily or entirely on the estimated value of the mortgaged property and the LTV ratio at origination as well as on the payment history and credit score. Generally, under a "no ratio" program, the mortgagor is not required to disclose their income although the nature of employment is disclosed. Additionally, on a "no ratio" program assets are verified. MortgageIT generally conducts a verbal verification of employment prior to closing. Prospectus Supplement at S-41: MortgageIT obtains a credit report that summarizes each borrower's credit history. The credit report contains information from the three major credit repositories, Equifax, Experian and TransUnion. * * * In addition to reviewing the borrower's credit history and credit score, MortgageIT underwriters closely review the borrower's housing payment history. In general, for non-conforming loans the borrower should not have made any mortgage payments over 30 days after the due date for the most recent 24 months. In general, for Alt-A loans the borrower may have no more than one payment that was made over 30 days after the due date for the most recent 24 months. The Alt-A loans are generally documented to the requirements of Fannie Mae and Freddie Mac in that the borrower provides the same information on the loan application along with documentation to verify the accuracy of the information on the application such as income, assets, other liabilities, etc. Certain non-conforming stated income or stated asset products allow for less verification documentation than Fannie Mae or Freddie Mac require. Certain Alt-A products also allow for less verification documentation than Fannie Mae or Freddie Mac requires. For these Alt-A products, the borrower may not be required to verify employment income, assets required to close or both. For some other Alt-A products, the borrower is not required to provide any information regarding employment income, assets required to close or both. Alt-A products with less verification documentation generally have other compensating factors such as higher credit score or lower loan-to-value requirements.

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	Generally, in order to determine if a borrower qualifies for an Alt-A loan, MortgageIT underwriting staff or contract underwriters provided by certain mortgage insurance companies manually underwrite and approve such loans; under certain limited circumstances, if other application safeguards are in place, a borrower's qualification for an Alt-A loan is determined utilizing automated underwriting systems. For manually underwritten loans, the underwriter must ensure that the borrower's income will support the total housing expense on an ongoing basis. Underwriters may give consideration to borrowers who have demonstrated an ability to carry a similar or greater housing expense for an extended period. In addition to the monthly housing expense the underwriter must evaluate the borrower's ability to manage all recurring payments on all debts, including the monthly housing expense. When evaluating the ratio of all monthly debt payments to the borrower's monthly income (debt-to-income ratio), the underwriter should be aware of the degree and frequency of credit usage and its impact on the borrower's ability to repay the loan. For example, borrowers who lower their total obligations should receive favorable consideration and borrowers with a history of heavy usage and a pattern of slow or late payments should receive less flexibility. Prospectus Supplement at S-42: …Exceptions to these underwriting guidelines are considered, so long as the borrower has other reasonable compensating factors, on a case-by-case basis. Prospectus Supplement at S-42: The sponsor [DB Structured Products] is responsible for pooling the mortgage loans to be securitized by the depositor, negotiating the principal securitization transaction documents and participating with the underwriter in the structuring of such transactions.

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<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS</th></tr>
<tr><td>DBALT 2007-1</td><td>
Prospectus Supplement dated 06/29/07 at S-29:

The sponsor [DB Structured Products] will represent that, as of the closing date, each mortgage loan is in compliance with applicable federal and state laws and regulations.

Prospectus Supplement at S-41 - S-42:

At origination, the Initial Mortgage Loans had approximate loan-to-value ratios as described in the tables below.

Initial Group I Mortgage Loans

<table>
<tr><th>Approximate Loan-to-Value Ratio</th><th>Percentage of Initial Group I Mortgage Loans by Principal Balance</th></tr>
<tr><td>Less than or equal to 80%</td><td>94.58%</td></tr>
<tr><td>Greater than 80%, but less than or equal to 95%</td><td>5.04%</td></tr>
</table>

Prospectus Supplement at S-82:

Except with respect to the mortgage loans originated pursuant to its Streamlined Documentation Program, whose values were confirmed with a Fannie Mae proprietary automated valuation model, Countrywide Home Loans obtains appraisals from independent appraisers or appraisal services for properties that are to secure mortgage loans. The appraisers inspect and appraise the proposed mortgaged property and verify that the property is in acceptable condition. Following each appraisal, the appraiser prepares a report which includes a market data analysis based on recent sales of comparable homes in the area and, when deemed appropriate, a replacement cost analysis based on the current cost of constructing a similar home. All appraisals are required to conform to Fannie Mae or Freddie Mac appraisal standards then in effect.
</td></tr>
</table>

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	Prospectus Supplement at S-81: Countrywide Home Loans' underwriting standards are applied in accordance with applicable federal and state laws and regulations. * * * As part of its evaluation of potential borrowers, Countrywide Home Loans generally requires a description of income. If required by its underwriting guidelines, Countrywide Home Loans obtains employment verification providing current and historical income information and/or a telephonic employment confirmation. Such employment verification may be obtained, either through analysis of the prospective borrower's recent pay stub and/or W-2 forms for the most recent two years, relevant portions of the most recent two years' tax returns, or from the prospective borrower's employer, wherein the employer reports the length of employment and current salary with that organization. Self-employed prospective borrowers generally are required to submit relevant portions of their federal tax returns for the past two years. In assessing a prospective borrower's creditworthiness, Countrywide Home Loans may use FICO Credit Scores. "***FICO Credit Scores***" are statistical credit scores designed to assess a borrower's creditworthiness and likelihood to default on a consumer obligation over a two-year period based on a borrower's credit history. * * * Periodically the data used by Countrywide Home Loans to complete the underwriting analysis may be obtained by a third party, particularly for mortgage loans originated through a loan correspondent or mortgage broker. In those instances, the initial determination as to whether a mortgage loan complies with Countrywide Home Loans' underwriting guidelines may be made by an independent company hired to perform underwriting services on behalf of Countrywide Home Loans, the loan correspondent or mortgage broker. In addition, Countrywide Home Loans may acquire mortgage loans from approved correspondent lenders under a program pursuant to which Countrywide Home Loans delegates to the

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	correspondent the obligation to underwrite the mortgage loans to Countrywide Home Loans' standards. Under these circumstances, the underwriting of a mortgage loan may not have been reviewed by Countrywide Home Loans before acquisition of the mortgage loan and the correspondent represents that Countrywide Home Loans' underwriting standards have been met. After purchasing mortgage loans under those circumstances, Countrywide Home Loans conducts a quality control review of a sample of the mortgage loans. The number of loans reviewed in the quality control process varies based on a variety of factors, including Countrywide Home Loans' prior experience with the correspondent lender and the results of the quality control review process itself. * * * Countrywide Home Loans' underwriting standards are applied by or on behalf of Countrywide Home Loans to evaluate the prospective borrower's credit standing and repayment ability and the value and adequacy of the mortgaged property as collateral. Prospectus Supplement at S-82: The nature of the information that a borrower is required to disclose and whether the information is verified depends, in part, on the documentation program used in the origination process. In general under the Full Documentation Loan Program (the "***Full Documentation Program***"), each prospective borrower is required to complete an application which includes information with respect to the applicant's assets, liabilities, income, credit history, employment history and other personal information. Self-employed individuals are generally required to submit their two most recent federal income tax returns. Under the Full Documentation Program, the underwriter verifies the information contained in the application relating to employment, income, assets and mortgages. * * *

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SECURITIZATION	**FALSE AND MISLEADING STATEMENTS REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS**
	A prospective borrower may be eligible for a loan approval process that limits or eliminates Countrywide Home Loans' standard disclosure or verification requirements or both. Countrywide Home Loans offers the following documentation programs as alternatives to its Full Documentation Program: an Alternative Documentation Loan Program (the "***Alternative Documentation Program***"), a Reduced Documentation Loan Program (the "***Reduced Documentation Program***"), a CLUES Plus Documentation Loan Program (the "***CLUES Plus Documentation Program***"), a No Income/No Asset Documentation Loan Program (the "***No Income/No Asset Documentation Program***"), a Stated Income/Stated Asset Documentation Loan Program (the "***Stated Income/Stated Asset Documentation Program***") and a Streamlined Documentation Loan Program (the "***Streamlined Documentation Program***"). * * * For all mortgage loans originated or acquired by Countrywide Home Loans, Countrywide Home Loans obtains a credit report relating to the applicant from a credit reporting company. The credit report typically contains information relating to such matters as credit history with local and national merchants and lenders, installment debt payments and any record of defaults, bankruptcy, dispossession, suits or judgments. All adverse information in the credit report is required to be explained by the prospective borrower to the satisfaction of the lending officer. Prospectus Supplement at S-83: In addition to Countrywide Home Loans' standard underwriting guidelines (the "***Standard Underwriting Guidelines***"), which are consistent in many respects with the guidelines applied to mortgage loans purchased by Fannie Mae and Freddie Mac, Countrywide Home Loans uses underwriting guidelines featuring expanded criteria (the "***Expanded Underwriting Guidelines***").

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	Prospectus Supplement at S-84: Mortgage loans which are underwritten pursuant to the Expanded Underwriting Guidelines may have higher Loan-to-Value Ratios, higher loan amounts and different documentation requirements than those associated with the Standard Underwriting Guidelines. The Expanded Underwriting Guidelines also permit higher debt-to-income ratios than mortgage loans underwritten pursuant to the Standard Underwriting Guidelines. Prospectus Supplement at S-86: The sponsor is responsible for pooling the mortgage loans to be securitized by the depositor, negotiating the principal securitization transaction documents and participating with the underwriter in the structuring of such transactions. Prospectus Supplement at S-83: Under its Standard Underwriting Guidelines, Countrywide Home Loans generally permits a debt-to-income ratio based on the borrower's monthly housing expenses of up to 33% and a debt-to-income ratio based on the borrower's total monthly debt of up to 38%. Prospectus Supplement at S-84: The Expanded Underwriting Guidelines also permit higher debt-to-income ratios than mortgage loans underwritten pursuant to the Standard Underwriting Guidelines.

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	Prospectus Supplement at S-85: Under its Expanded Underwriting Guidelines, Countrywide Home Loans generally permits a debt-to-income ratio based on the borrower's monthly housing expenses of up to 36% and a debt-to-income ratio based on the borrower's total monthly debt of up to 40%; provided, however, that if the Loan-to-Value Ratio exceeds 80%, the maximum permitted debt-to-income ratios are 33% and 38%, respectively.

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<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS</th></tr>
<tr><td>DBALT 2007-AR1</td><td>Prospectus Supplement dated 01/29/07 at S-20:

The sponsor [DB Structured Products] will represent that, as of the closing date, each mortgage loan is in compliance with applicable federal and state laws and regulations.

Prospectus Supplement at S-27:

At origination, the Mortgage Loans had approximate loan-to-value ratios as described in the table below.

<table>
<tr><th>Approximate Loan-to-Value Ratio</th><th>Percentage of Mortgage Loans by Principal Balance</th></tr>
<tr><td>Less than or equal to 80%</td><td>99.25%</td></tr>
<tr><td>Greater than 80%, but less than or equal to 95%</td><td>0.49%</td></tr>
</table>

Prospectus Supplement at S-41 - S-42:

[MortgageIT, Inc.:]

Every MortgageIT mortgage loan is secured by a property that has been appraised by a licensed appraiser in accordance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation. The appraisers perform on site inspections of the property and report on the neighborhood and property condition in factual and specific terms. Loans in excess of one million dollars require (i) two full appraisals or (ii) one full appraisal and a field review, ordered by a MortgageIT-approved national appraiser, including photographs of the interior and the exterior of the subject property. Each appraisal contains an opinion of value that represents the appraiser’s professional conclusion based on market data of sales of comparable properties, a logical analysis with adjustments for differences between the comparable sales and the subject property and the appraiser’s judgment. In addition, a MortgageIT underwriter or a mortgage insurance company contract underwriter reviews each appraisal</td></tr>
</table>

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SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS
	for accuracy and consistency. Prospectus Supplement at S-45 - S-46: [Indymac Bank, F.S.B.:] To determine the adequacy of the property to be used as collateral, an appraisal is generally made of the subject property in accordance with the Uniform Standards of Profession Appraisal Practice. The appraiser generally inspects the property, analyzes data including the sales prices of comparable properties and issues an opinion of value using a Fannie Mae/Freddie Mac appraisal report form, or other acceptable form. In some cases, an automated valuation model (AVM) may be used in lieu of an appraisal. AVMs are computer programs that use real estate information, such as demographics, property characteristics, sales prices, and price trends to calculate a value for the specific property. The value of the property, as indicated by the appraisal or AVM, must support the loan amount. Prospectus Supplement at S-48 - S-49: [American Home Mortgage Corp.:] Every mortgage loan is secured by a property that has been appraised by a licensed appraiser in accordance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation. The appraisers perform on-site inspections of the property and report on the neighborhood and property condition in factual and specific terms. Each appraisal contains an opinion of value that represents the appraiser's professional conclusion based on market data of sales of comparable properties and a logical analysis with adjustments for differences between the comparable sales and the subject property and the appraiser's judgment. In addition, each appraisal is reviewed for accuracy and consistency by American Home's vendor management company or an underwriter of American Home or a mortgage insurance company contract underwriter.

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	Prospectus Supplement at S-41: MortgageIT MortgageIT's underwriting philosophy is to weigh all risk factors inherent in the loan file, giving consideration to the individual transaction, borrower profile, the level of documentation provided and the property used to collateralize the debt. Because each loan is different, MortgageIT expects and encourages underwriters to use professional judgment based on their experience in making a lending decision. MortgageIT underwrites a borrower's creditworthiness based solely on information that MortgageIT believes is indicative of the applicant's willingness and ability to pay the debt they would be incurring. Prospectus Supplement at S-42: The mortgage loans have been originated under "full/alternative", "stated income/verified assets", "stated income/stated assets", "no documentation" or "no ratio" programs. The "full/alternative" documentation programs generally verify income and assets in accordance with Fannie Mae/Freddie Mac underwriting requirements. The stated income/verified assets, stated income/stated assets, no documentation or no ratio programs generally require less documentation and verification than do full documentation programs which generally require standard Fannie Mae/Freddie Mac approved forms for verification of income/employment, assets and certain payment histories. Generally, under both "full/alternative" documentation programs, at least one month of income documentation is provided. This documentation is also required to include year-to-date income or prior year income in case the former is not sufficient to establish consistent income. Generally, under a "stated income/verified assets" program, no verification of a mortgagor's income is undertaken by the origination; however, verification of the mortgagor's assets is obtained. Under a "stated income/stated assets" program, the originator undertakes no verification of either a mortgagor's income or a mortgagor's assets, although both income and assets are stated on the loan application and subject to reasonable underwriting approval. Generally, under a "no documentation" program, the mortgagor is not required to state his or

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	her income or assets and therefore, the originator undertakes no verification of such mortgagor's income or assets. The underwriting for such mortgage loans may be based primarily or entirely on the estimated value of the mortgaged property and the LTV ratio at origination as well as on the payment history and credit score. Generally, under a "no ratio" program, the mortgagor is not required to disclose their income although the nature of employment is disclosed. Additionally, on a "no ratio" program assets are verified. MortgageIT generally conducts a verbal verification of employment prior to closing. * * * MortgageIT obtains a credit report that summarizes each borrower's credit history. The credit report contains information from the three major credit repositories, Equifax, Experian and TransUnion. * * * In addition to reviewing the borrower's credit history and credit score, MortgageIT underwriters closely review the borrower's housing payment history. In general, for non-conforming loans the borrower should not have made any mortgage payments over 30 days after the due date for the most recent 24 months. In general, for Alt-A loans the borrower may have no more than one payment that was made over 30 days after the due date for the most recent 24 months. Prospectus Supplement at S-43: The Alt-A loans are generally documented to the requirements of Fannie Mae and Freddie Mac in that the borrower provides the same information on the loan application along with documentation to verify the accuracy of the information on the application such as income, assets, other liabilities, etc. Certain non-conforming stated income or stated asset products allow for less verification documentation than Fannie Mae or Freddie Mac require. Certain Alt-A products also allow for less verification documentation than Fannie Mae or Freddie Mac requires. For these Alt-A products, the borrower may not be required to verify employment income, assets required to close or both. For some other Alt-A

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	products, the borrower is not required to provide any information regarding employment income, assets required to close or both. Alt-A products with less verification documentation generally have other compensating factors such as higher credit score or lower loan-to-value requirements. * * * Generally, in order to determine if a borrower qualifies for an Alt-A loan, MortgageIT underwriting staff or contract underwriters provided by certain mortgage insurance companies manually underwrite and approve such loans; under certain limited circumstances, if other application safeguards are in place, a borrower's qualification for an Alt-A loan is determined utilizing automated underwriting systems. For manually underwritten loans, the underwriter must ensure that the borrower's income will support the total housing expense on an ongoing basis. Underwriters may give consideration to borrowers who have demonstrated an ability to carry a similar or greater housing expense for an extended period. * * * MortgageIT realizes that there may be some acceptable quality loans that fall outside published guidelines and encourages "common sense" underwriting. Because a multitude of factors are involved in a loan transaction, no set of guidelines can contemplate every potential situation. Therefore, exceptions to these underwriting guidelines are considered, so long as the borrower has other reasonable compensating factors, on a case-by-case basis.

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	Prospectus Supplement at S-44: Indymac Bank IndyMac Bank approves each mortgage loan seller prior to the initial transaction on the basis of the seller's financial and management strength, reputation and prior experience. Sellers are periodically reviewed and if their performance, as measured by compliance with the applicable loan sale agreement, is unsatisfactory, IndyMac Bank will cease doing business with them. * * * Mortgage loans that are acquired by IndyMac Bank are underwritten by IndyMac Bank according to IndyMac Bank's underwriting guidelines, which also accept mortgage loans meeting Fannie Mae or Freddie Mac guidelines regardless of whether such mortgage loans would otherwise meet IndyMac Bank's guidelines, or pursuant to an exception to those guidelines based on IndyMac Bank's procedures for approving such exceptions. Conventional mortgage loans are loans that are not insured by the FHA or partially guaranteed by the VA. Conforming mortgage loans are loans that qualify for sale to Fannie Mae and Freddie Mac, whereas non-conforming mortgage loans are loans that do not so qualify. Non-conforming mortgage loans originated or purchased by IndyMac Bank pursuant to its underwriting programs typically differ from conforming loans primarily with respect to loan-to-value ratios, borrower income, required documentation, interest rates, borrower occupancy of the mortgaged property and/or property types. To the extent that these programs reflect underwriting standards different from those of Fannie Mae and Freddie Mac, the performance of loans made pursuant to these different underwriting standards may reflect higher delinquency rates and/or credit losses. * * *

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	IndyMac Bank has two principal underwriting methods designed to be responsive to the needs of its mortgage loan customers: traditional underwriting and e-MITS (Electronic Mortgage Information and Transaction System) underwriting. E-MITS is an automated, internet-based underwriting and risk-based pricing system. IndyMac Bank believes that e-MITS generally enables it to estimate expected credit loss, interest rate risk and prepayment risk more objectively than traditional underwriting and also provides consistent underwriting decisions. IndyMac Bank has procedures to override an e-MITS decision to allow for compensating factors. * * * IndyMac Bank's underwriting criteria for traditionally underwritten mortgage loans includes an analysis of the borrower's credit history, ability to repay the mortgage loan and the adequacy of the mortgaged property as collateral. Traditional underwriting decisions are made by individuals authorized to consider compensating factors that would allow mortgage loans not otherwise meeting IndyMac Bank's guidelines. * * * In determining a borrower's FICO credit score, IndyMac Bank generally selects the middle credit score of the scores provided by each of the three major U.S. credit repositories (Equifax, TransUnion and Experian) for each borrower, and then selects the lowest of these scores. In some instances, IndyMac Bank selects the middle score of the borrower with the largest amount of qualifying income among all of the borrowers on the mortgage loan. A FICO credit score might not be available for a borrower due to insufficient credit information on file with the credit repositories. In these situations, IndyMac Bank will establish a borrower's credit history through documentation of alternative sources of credit such as utility payments, auto insurance payments and rent payments. In addition to the FICO credit score, other information regarding a borrower's credit quality is considered in the loan approval process, such as the number and degree of any late mortgage or rent payments within the preceding 12-month period, the

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	age of any foreclosure action against any property owned by the borrower, the age of any bankruptcy action, the number of seasoned tradelines reflected on the credit report and any outstanding judgments, liens, chargeoffs or collections. Prospectus Supplement at S-45: IndyMac Bank originates and purchases loans that have been originated under one of seven documentation programs: Full/Alternate, FastForward, Bank Statement, Stated Income, No Income/No Asset, No Ratio and No Doc. * * * IndyMac Bank generally will re-verify income, assets, and employment for mortgage loans it acquires through the wholesale channel, but not for mortgage loans acquired through other channels. Prospectus Supplement at S-46: Underwriting procedures vary by channel of origination. Generally, mortgage loans originated through the mortgage professional channel will be submitted to e-MITS for assessment and subjected to a full credit review and analysis. Mortgage loans that do not meet IndyMac Bank's guidelines may be manually re-underwritten and approved under an exception to those underwriting guidelines. Mortgage loans originated through the consumer direct channel are subjected to essentially the same procedures, modified as necessary to reflect the fact that no third-party contributes to the preparation of the credit file. * * * Exceptions to underwriting standards are permitted in situations in which compensating factors exist. Examples of these factors are significant financial reserves, a low loan-to-value ratio, significant

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	decrease in the borrower's monthly payment and long-term employment with the same employer. Prospectus Supplement at S-47 – S-48: American Home Mortgage The mortgage loans have been purchased or originated, underwritten and documented in accordance with the guidelines of Fannie Mae, Freddie Mac, the Federal Housing Administration (FHA), the U.S. Department of Veterans Affairs (VA), the U.S. Department of Agriculture Guaranteed Rural Housing Program (GRH), Ginnie Mae, the underwriting guidelines of specific private investors, and the non-conforming or Alt-A underwriting guidelines established by American Home. Conforming conventional loans must generally be approved by the Desktop Underwriter and Loan Prospector automated underwriting systems of Fannie Mae and Freddie Mac. FHA and VA loans are generally approved by these same automated underwriting systems. * * * American Home's non-conforming underwriting guidelines are similar to those of the government sponsored enterprises Fannie Mae and Freddie Mac, but these loans are "non-conforming" in that they may not conform to the maximum loan amounts and in some cases to the underwriting guidelines of Fannie Mae and Freddie Mac. These non-conforming loans do not conform to and are not insurable by the Federal Housing Administration nor can they be guaranteed by the U.S. Department of Veterans Affairs. * * * American Home's underwriting philosophy is to weigh all risk factors inherent in the loan file, giving consideration to the individual transaction, borrower profile, the level of documentation provided and the property used to collateralize the debt. These standards are applied in accordance with applicable

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	federal and state laws and regulations. Exceptions to the underwriting standards may be permitted where compensating factors are present… Because each loan is different, American Home expects and encourages underwriters to use professional judgment based on their experience in making a lending decision. Prospectus Supplement at S-48: American Home underwrites a borrower's creditworthiness based solely on information that American Home believes is indicative of the applicant's willingness and ability to pay the debt they would be incurring. * * * Non-conforming loans are generally documented to the requirements of Fannie Mae and Freddie Mac, in that the borrower provides the same information on the loan application along with documentation to verify the accuracy of the information on the application such as income, assets, other liabilities, etc. Certain non-conforming stated income or stated asset products allow for less verification documentation than Fannie Mae or Freddie Mac require. Certain non-conforming Alt-A products also allow for less verification documentation than Fannie Mae or Freddie Mac require. For these Alt-A products, the borrower may not be required to verify employment income, assets required to close or both. For some other Alt-A products, the borrower is not required to provide any information regarding employment income, assets required to close or both. Alt-A products with less verification documentation generally have other compensating factors such as higher credit score or lower loan-to-value requirements. * * * American Home obtains a credit report for each borrower that summarizes each borrower's credit history. The credit report contains information from the three major credit repositories, Equifax, Experian and TransUnion.

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SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS
	* * * In addition to reviewing the borrower's credit history and credit score, American Home underwriters closely review the borrower's housing payment history. In general, for non-conforming loans the borrower should not have made any mortgage payments over 30 days after the due date for the most recent twelve months. In general, for Alt-A loans, the borrower may have no more than one payment that was made over 30 days after the due date for the most recent twelve months. * * * In order to determine if a borrower qualifies for a non-conforming loan, the loans have been either approved by Fannie Mae's Desktop Underwriter, Freddie Mac's Loan Prospector automated underwriting systems, a customized form of Fannie Mae's Desktop Underwriter called Custom Desktop Underwriter, or they have been manually underwritten by American Home's underwriters. American Home's Alt-A loan products generally have been approved manually by contract underwriters provided by certain mortgage insurance companies or by American Home's senior underwriters. American Home Solutions products must receive an approval from the Assetwise automated underwriting system. For manually underwritten loans, the underwriter must ensure that the borrower's income will support the total housing expense on an ongoing basis. Underwriters may give consideration to borrowers who have demonstrated an ability to carry a similar or greater housing expense for an extended period. In addition to the monthly housing expense, the underwriter must evaluate the borrower's ability to manage all recurring payments on all debts, including the monthly housing expense. When evaluating the ratio of all monthly debt payments to the borrower's monthly income (debt-to-income ratio), the underwriter should be aware of the degree and frequency of credit usage and its impact on the borrower's ability to repay the loan. For example, borrowers who lower their total obligations should receive favorable consideration and borrowers with a history of heavy usage and a pattern of slow or late payments should receive less flexibility.

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	Prospectus Supplement at S-49: American Home realizes that there may be some acceptable quality loans that fall outside published guidelines and encourages "common sense" underwriting. Because a multitude of factors are involved in a loan transaction, no set of guidelines can contemplate every potential situation. Therefore, each case is weighed individually on its own merits and exceptions to American Home's underwriting guidelines are allowed if sufficient compensating factors exist to offset any additional risk due to the exception. Prospectus Supplement at S-48 - S-49: Every mortgage loan is secured by a property that has been appraised by a licensed appraiser in accordance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation. The appraisers perform on-sit inspections of the property and report on the neighborhood and property condition in factual and specific terms. Each appraisal contains an opinion of value that represents the appraiser's professional conclusion based on market data of sales of comparable properties and a logical analysis with adjustments for differences between the comparable sales and the subject property and the appraiser's judgment. In addition, each appraisal is reviewed for accuracy and consistency by American Home's vendor management company or an underwriter of American Home or a mortgage insurance company contract underwriter. Prospectus Supplement at S-50: The sponsor is responsible for pooling the mortgage loans to be securitized by the depositor, negotiating the principal securitization transaction documents and participating with the underwriter in the structuring of such transactions.

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<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS</th></tr>
<tr><td>DBALT 2007-AR2</td><td>
Prospectus Supplement dated 02/26/07 at S-18:

The sponsor will represent that, as of the closing date, each mortgage loan is in compliance with applicable federal and state laws and regulations.

Prospectus Supplement at S-25:

At origination, the Mortgage Loans had approximate loan-to-value ratios as described in the table below.

<table>
<tr><th>Approximate Loan-to-Value Ratio</th><th>Percentage of Mortgage Loans by Principal Balance</th></tr>
<tr><td>Less than or equal to 80%</td><td>97.84%</td></tr>
<tr><td>Greater than 80%, but less than or equal to 100%</td><td>2.16%</td></tr>
</table>

Prospectus Supplement at S-41:

[American Home Mortgage Corp:]

Every mortgage loan is secured by a property that has been appraised by a licensed appraiser in accordance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation. The appraisers perform on-site inspections of the property and report on the neighborhood and property condition in factual and specific terms. Each appraisal contains an opinion of value that represents the appraiser’s professional conclusion based on market data of sales of comparable properties and a logical analysis with adjustments for differences between the comparable sales and the subject property and the appraiser’s judgment. In addition, each appraisal is reviewed for accuracy and consistency by American Home’s vendor management company or an underwriter of American Home or a mortgage insurance company contract underwriter.
</td></tr>
</table>

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SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS
	Prospectus Supplement at S-42: [MortgageIT, Inc.:] Every MortgageIT mortgage loan is secured by a property that has been appraised by a licensed appraiser in accordance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation. The appraisers perform on site inspections of the property and report on the neighborhood and property condition in factual and specific terms. Loans in excess of one million dollars require (i) two full appraisals or (ii) one full appraisal and a field review, ordered by a MortgageIT-approved national appraiser, including photographs of the interior and the exterior of the subject property. Each appraisal contains an opinion of value that represents the appraiser's professional conclusion based on market data of sales of comparable properties, a logical analysis with adjustments for differences between the comparable sales and the subject property and the appraiser's judgment. In addition, a MortgageIT underwriter or a mortgage insurance company contract underwriter reviews each appraisal for accuracy and consistency. Prospectus Supplement at S-39 – S-40: American Home Mortgage Corp. The mortgage loans have been purchased or originated, underwritten and documented in accordance with the guidelines of Fannie Mae, Freddie Mac, the Federal Housing Administration (FHA), the U.S. Department of Veterans Affairs (VA), the U.S. Department of Agriculture Guaranteed Rural Housing Program (GRH), Ginnie Mae, the underwriting guidelines of specific private investors, and the non-conforming or Alt-A underwriting guidelines established by American Home. Conforming conventional loans must generally be approved by the Desktop Underwriter and Loan Prospector automated underwriting systems of Fannie Mae and Freddie Mac. FHA and VA loans are generally approved by these same automated underwriting systems.

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	* * * American Home's non-conforming underwriting guidelines are similar to those of the government sponsored enterprises Fannie Mae and Freddie Mac, but these loans are "non-conforming" in that they may not conform to the maximum loan amounts and in some cases to the underwriting guidelines of Fannie Mae and Freddie Mac. These non-conforming loans do not conform to and are not insurable by the Federal Housing Administration nor can they be guaranteed by the U.S. Department of Veterans Affairs. * * * American Home's underwriting philosophy is to weigh all risk factors inherent in the loan file, giving consideration to the individual transaction, borrower profile, the level of documentation provided and the property used to collateralize the debt. These standards are applied in accordance with applicable federal and state laws and regulations. Exceptions to the underwriting standards may be permitted where compensating factors are present. In the case of investment properties and two- to four-unit dwellings, income derived from the mortgaged property may have been considered for underwriting purposes, in addition to the income of the mortgagor from other sources. With respect to second homes and vacation properties, no income derived from the property will have been considered for underwriting purposes. Because each loan is different, American Home expects and encourages underwriters to use professional judgment based on their experience in making a lending decision. * * * American Home underwrites a borrower's creditworthiness based solely on information that American Home believes is indicative of the applicant's willingness and ability to pay the debt they would be incurring.

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SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS
	* * * Non-conforming loans are generally documented to the requirements of Fannie Mae and Freddie Mac, in that the borrower provides the same information on the loan application along with documentation to verify the accuracy of the information on the application such as income, assets, other liabilities, etc. Certain non-conforming stated income or stated asset products allow for less verification documentation than Fannie Mae or Freddie Mac require. Certain non-conforming Alt-A products also allow for less verification documentation than Fannie Mae or Freddie Mac require. For these Alt-A products, the borrower may not be required to verify employment income, assets required to close or both. For some other Alt-A products, the borrower is not required to provide any information regarding employment income, assets required to close or both. Alt-A products with less verification documentation generally have other compensating factors such as higher credit score or lower loan-to-value requirements. * * * American Home obtains a credit report for each borrower that summarizes each borrower's credit history. The credit report contains information from the three major credit repositories, Equifax, Experian and TransUnion. * * * In addition to reviewing the borrower's credit history and credit score, American Home underwriters closely review the borrower's housing payment history. In general, for non-conforming loans the borrower should not have made any mortgage payments over 30 days after the due date for the most recent twelve months. In general, for Alt-A loans, the borrower may have no more than one payment that was made over 30 days after the due date for the most recent twelve months.

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	Prospectus Supplement dated 02/26/07 at S-41: In addition to the monthly housing expense, the [American Home] underwriter must evaluate the borrower's ability to manage all recurring payments on all debts, including the monthly housing expense. When evaluating the ratio of all monthly debt payments to the borrower's monthly income (debt-to-income ratio), the underwriter should be aware of the degree and frequency of credit usage and its impact on the borrower's ability to repay the loan. Prospectus Supplement at S-40 – S-41: In order to determine if a borrower qualifies for a non-conforming loan, the loans have been either approved by Fannie Mae's Desktop Underwriter, Freddie Mac's Loan Prospector automated underwriting systems, a customized form of Fannie Mae's Desktop Underwriter called Custom Desktop Underwriter, or they have been manually underwritten by American Home's underwriters. American Home's Alt-A loan products generally have been approved manually by contract underwriters provided by certain mortgage insurance companies or by American Home's senior underwriters. American Home Solutions products must receive an approval from the Assetwise automated underwriting system. For manually underwritten loans, the underwriter must ensure that the borrower's income will support the total housing expense on an ongoing basis. Underwriters may give consideration to borrowers who have demonstrated an ability to carry a similar or greater housing expense for an extended period. Prospectus Supplement at S-41: American Home realizes that there may be some acceptable quality loans that fall outside published guidelines and encourages "common sense" underwriting. Because a multitude of factors are involved in a loan transaction, no set of guidelines can contemplate every potential situation. Therefore, each case is weighed individually on its own merits and exceptions to American Home's underwriting guidelines are allowed if sufficient compensating factors exist to offset any additional risk due to the exception.

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SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS
	Prospectus Supplement at S-42: MortgageIT MortgageIT's underwriting philosophy is to weigh all risk factors inherent in the loan file, giving consideration to the individual transaction, borrower profile, the level of documentation provided and the property used to collateralize the debt. Because each loan is different, MortgageIT expects and encourages underwriters to use professional judgment based on their experience in making a lending decision. MortgageIT underwrites a borrower's creditworthiness based solely on information that MortgageIT believes is indicative of the applicant's willingness and ability to pay the debt they would be incurring. Prospectus Supplement at S-43: The mortgage loans have been originated under "full/alternative", "stated income/verified assets", "stated income/stated assets", "no documentation" or "no ratio" programs. The "full/alternative" documentation programs generally verify income and assets in accordance with Fannie Mae/Freddie Mac underwriting requirements. The stated income/verified assets, stated income/stated assets, no documentation or no ratio programs generally require less documentation and verification than do full documentation programs which generally require standard Fannie Mae/Freddie Mac approved forms for verification of income/employment, assets and certain payment histories. Generally, under both "full/alternative" documentation programs, at least one month of income documentation is provided. This documentation is also required to include year-to-date income or prior year income in case the former is not sufficient to establish consistent income. Generally, under a "stated income/verified assets" program, no verification of a mortgagor's income is undertaken by the origination; however, verification of the mortgagor's assets is obtained. Under a "stated income/stated assets" program, the originator undertakes no verification of either a mortgagor's income or a mortgagor's assets, although both income and assets are stated on the loan application and subject to reasonable underwriting

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	approval. Generally, under a "no documentation" program, the mortgagor is not required to state his or her income or assets and therefore, the originator undertakes no verification of such mortgagor's income or assets. The underwriting for such mortgage loans may be based primarily or entirely on the estimated value of the mortgaged property and the LTV ratio at origination as well as on the payment history and credit score. Generally, under a "no ratio" program, the mortgagor is not required to disclose their income although the nature of employment is disclosed. Additionally, on a "no ratio" program assets are verified. MortgageIT generally conducts a verbal verification of employment prior to closing. * * * MortgageIT obtains a credit report that summarizes each borrower's credit history. The credit report contains information from the three major credit repositories, Equifax, Experian and TransUnion. * * * In addition to reviewing the borrower's credit history and credit score, MortgageIT underwriters closely review the borrower's housing payment history. In general, for non-conforming loans the borrower should not have made any mortgage payments over 30 days after the due date for the most recent 24 months. In general, for Alt-A loans the borrower may have no more than one payment that was made over 30 days after the due date for the most recent 24 months. * * * The Alt-A loans are generally documented to the requirements of Fannie Mae and Freddie Mac in that the borrower provides the same information on the loan application along with documentation to verify the accuracy of the information on the application such as income, assets, other liabilities, etc. Certain non-conforming stated income or stated asset products allow for less verification documentation than Fannie Mae or Freddie Mac require. Certain Alt-A products also allow for less verification documentation than Fannie Mae or Freddie Mac requires. For these Alt-A products, the borrower may

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	not be required to verify employment income, assets required to close or both. For some other Alt-A products, the borrower is not required to provide any information regarding employment income, assets required to close or both. Alt-A products with less verification documentation generally have other compensating factors such as higher credit score or lower loan-to-value requirements. * * * Generally, in order to determine if a borrower qualifies for an Alt-A loan, MortgageIT underwriting staff or contract underwriters provided by certain mortgage insurance companies manually underwrite and approve such loans; under certain limited circumstances, if other application safeguards are in place, a borrower's qualification for an Alt-A loan is determined utilizing automated underwriting systems. For manually underwritten loans, the underwriter must ensure that the borrower's income will support the total housing expense on an ongoing basis. Underwriters may give consideration to borrowers who have demonstrated an ability to carry a similar or greater housing expense for an extended period. Prospectus Supplement at S-43 – S-44: In addition to the monthly housing expense the [MortgageIT] underwriter must evaluate the borrower's ability to manage all recurring payments on all debts, including the monthly housing expense. When evaluating the ratio of all monthly debt payments to the borrower's monthly income (debt-to-income ratio), the underwriter should be aware of the degree and frequency of credit usage and its impact on the borrower's ability to repay the loan. Prospectus Supplement at S-45: The sponsor [DB Structured Products] is responsible for pooling the mortgage loans to be securitized by the depositor, negotiating the principal securitization transaction documents and participating with the underwriter in the structuring of such transactions.

EXHIBIT A

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS</th></tr>
<tr><td>DBALT 2007-BAR1</td><td>Prospectus Supplement dated 02/26/07 at S-19:

The sponsor [DB Structured Products] will represent that, as of the closing date, each mortgage loan is in compliance with applicable federal and state laws and regulations.

Prospectus Supplement at S-26:

At origination, the Mortgage Loans had approximate loan-to-value ratios as described in the table below.
<table><tr><th>Approximate Loan-to-Value Ratio</th><th>Percentage of Mortgage Loans by Principal Balance</th></tr><tr><td>Less than or equal to 80%</td><td>96.04%</td></tr><tr><td>Greater than 80%, but less than or equal to 95%</td><td>3.68%</td></tr></table>
Prospectus Supplement at S-39:

The adequacy of the mortgaged property as security for repayment of the related mortgage loan will generally have been determined by an appraisal in accordance with pre-established appraisal procedure guidelines for appraisals established by or acceptable to the originator. All appraisals conform to the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of the Appraisal Foundation and must be on forms acceptable to Fannie Mae and/or Freddie Mac. Appraisers may be staff appraisers employed by the originator or independent appraisers selected in accordance with pre-established appraisal procedure guidelines established by the originator. The appraisal procedure guidelines generally will have required the appraiser or an agent on its behalf to personally inspect the property and to verify whether the property was in good condition and that construction, if new, had been substantially completed. The appraisal generally will have been based upon a market data analysis of recent sales of comparable properties and, when deemed applicable, an analysis based on income generated from the property or a replacement cost analysis based on the current cost of constructing or purchasing a similar property.</td></tr>
</table>

EXHIBIT A

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS
	Prospectus Supplement dated 02/26/07 at S-38: In general, a prospective borrower applying for a loan is required to fill out a detailed application designed to provide to the underwriting officer pertinent credit information. As part of the description of the borrower's financial condition, the borrower generally is required to provide a current list of assets and liabilities and a statement of income and expenses, as well as an authorization to apply for a credit report which summarizes the borrower's credit history with local merchants and lenders and any record of bankruptcy. Prospectus Supplement at S-39 – S-40: American Home Mortgage Corp. The mortgage loans have been purchased or originated, underwritten and documented in accordance with the guidelines of Fannie Mae, Freddie Mac, the Federal Housing Administration (FHA), the U.S. Department of Veterans Affairs (VA), the U.S. Department of Agriculture Guaranteed Rural Housing Program (GRH), Ginnie Mae, the underwriting guidelines of specific private investors, and the non-conforming or Alt-A underwriting guidelines established by American Home. Conforming conventional loans must generally be approved by the Desktop Underwriter and Loan Prospector automated underwriting systems of Fannie Mae and Freddie Mac. FHA and VA loans are generally approved by these same automated underwriting systems. * * * American Home's non-conforming underwriting guidelines are similar to those of the government sponsored enterprises Fannie Mae and Freddie Mac, but these loans are "non-conforming" in that they may not conform to the maximum loan amounts and in some cases to the underwriting guidelines of Fannie Mae and Freddie Mac. These non-conforming loans do not conform to and are not insurable by the Federal Housing Administration nor can they be guaranteed by the U.S. Department of Veterans

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	Affairs. * * * American Home's underwriting philosophy is to weigh all risk factors inherent in the loan file, giving consideration to the individual transaction, borrower profile, the level of documentation provided and the property used to collateralize the debt. These standards are applied in accordance with applicable federal and state laws and regulations. Exceptions to the underwriting standards may be permitted where compensating factors are present. In the case of investment properties and two- to four-unit dwellings, income derived from the mortgaged property may have been considered for underwriting purposes, in addition to the income of the mortgagor from other sources. With respect to second homes and vacation properties, no income derived from the property will have been considered for underwriting purposes. Because each loan is different, American Home expects and encourages underwriters to use professional judgment based on their experience in making a lending decision. * * * American Home underwrites a borrower's creditworthiness based solely on information that American Home believes is indicative of the applicant's willingness and ability to pay the debt they would be incurring. * * * Non-conforming loans are generally documented to the requirements of Fannie Mae and Freddie Mac, in that the borrower provides the same information on the loan application along with documentation to verify the accuracy of the information on the application such as income, assets, other liabilities, etc. Certain non-conforming stated income or stated asset products allow for less verification documentation than Fannie Mae or Freddie Mac require. Certain non-conforming Alt-A products also allow for less verification documentation than Fannie Mae or Freddie Mac require. For these Alt-A products, the

EXHIBIT A

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS
	borrower may not be required to verify employment income, assets required to close or both. For some other Alt-A products, the borrower is not required to provide any information regarding employment income, assets required to close or both. Alt-A products with less verification documentation generally have other compensating factors such as higher credit score or lower loan-to-value requirements. * * * American Home obtains a credit report for each borrower that summarizes each borrower's credit history. The credit report contains information from the three major credit repositories, Equifax, Experian and TransUnion. Prospectus Supplement at S-40 – S-41: In addition to reviewing the borrower's credit history and credit score, American Home underwriters closely review the borrower's housing payment history. In general, for non-conforming loans the borrower should not have made any mortgage payments over 30 days after the due date for the most recent twelve months. In general, for Alt-A loans, the borrower may have no more than one payment that was made over 30 days after the due date for the most recent twelve months. * * * In order to determine if a borrower qualifies for a non-conforming loan, the loans have been either approved by Fannie Mae's Desktop Underwriter, Freddie Mac's Loan Prospector automated underwriting systems, a customized form of Fannie Mae's Desktop Underwriter called Custom Desktop Underwriter, or they have been manually underwritten by American Home's underwriters. American Home's Alt-A loan products generally have been approved manually by contract underwriters provided by certain mortgage insurance companies or by American Home's senior underwriters. American Home Solutions products must receive an approval from the Assetwise automated underwriting system. For manually underwritten loans, the underwriter must ensure that the borrower's income will support the

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	total housing expense on an ongoing basis. Underwriters may give consideration to borrowers who have demonstrated an ability to carry a similar or greater housing expense for an extended period. In addition to the monthly housing expense, the underwriter must evaluate the borrower's ability to manage all recurring payments on all debts, including the monthly housing expense. Prospectus Supplement at S-41: American Home realizes that there may be some acceptable quality loans that fall outside published guidelines and encourages "common sense" underwriting. Because a multitude of factors are involved in a loan transaction, no set of guidelines can contemplate every potential situation. Therefore, each case is weighed individually on its own merits and exceptions to American Home's underwriting guidelines are allowed if sufficient compensating factors exist to offset any additional risk due to the exception. Prospectus Supplement at S-42: MortgageIT's underwriting philosophy is to weigh all risk factors inherent in the loan file, giving consideration to the individual transaction, borrower profile, the level of documentation provided and the property used to collateralize the debt. Because each loan is different, MortgageIT expects and encourages underwriters to use professional judgment based on their experience in making a lending decision. MortgageIT underwrites a borrower's creditworthiness based solely on information that MortgageIT believes is indicative of the applicant's willingness and ability to pay the debt they would be incurring. Prospectus Supplement at S-43: The mortgage loans have been originated under "full/alternative", "stated income/verified assets", "stated income/stated assets", "no documentation" or "no ratio" programs. The "full/alternative" documentation programs generally verify income and assets in accordance with Fannie Mae/Freddie Mac underwriting requirements. The stated income/verified assets, stated income/stated assets, no

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	documentation or no ratio programs generally require less documentation and verification than do full documentation programs which generally require standard Fannie Mae/Freddie Mac approved forms for verification of income/employment, assets and certain payment histories. Generally, under both "full/alternative" documentation programs, at least one month of income documentation is provided. This documentation is also required to include year-to-date income or prior year income in case the former is not sufficient to establish consistent income. Generally, under a "stated income/verified assets" program, no verification of a mortgagor's income is undertaken by the origination; however, verification of the mortgagor's assets is obtained. Under a "stated income/stated assets" program, the originator undertakes no verification of either a mortgagor's income or a mortgagor's assets, although both income and assets are stated on the loan application and subject to reasonable underwriting approval. Generally, under a "no documentation" program, the mortgagor is not required to state his or her income or assets and therefore, the originator undertakes no verification of such mortgagor's income or assets. The underwriting for such mortgage loans may be based primarily or entirely on the estimated value of the mortgaged property and the LTV ratio at origination as well as on the payment history and credit score. Generally, under a "no ratio" program, the mortgagor is not required to disclose their income although the nature of employment is disclosed. Additionally, on a "no ratio" program assets are verified. MortgageIT generally conducts a verbal verification of employment prior to closing. * * * MortgageIT obtains a credit report that summarizes each borrower's credit history. The credit report contains information from the three major credit repositories, Equifax, Experian and TransUnion. * * * In addition to reviewing the borrower's credit history and credit score, MortgageIT underwriters closely review the borrower's housing payment history. In general, for non-conforming loans the borrower should not have made any mortgage payments over 30 days after the due date for the most recent 24 months. In general, for Alt-A loans the borrower may have no more than one payment that was made

EXHIBIT A

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	over 30 days after the due date for the most recent 24 months. * * * The Alt-A loans are generally documented to the requirements of Fannie Mae and Freddie Mac in that the borrower provides the same information on the loan application along with documentation to verify the accuracy of the information on the application such as income, assets, other liabilities, etc. Certain non-conforming stated income or stated asset products allow for less verification documentation than Fannie Mae or Freddie Mac require. Certain Alt-A products also allow for less verification documentation than Fannie Mae or Freddie Mac requires. For these Alt-A products, the borrower may not be required to verify employment income, assets required to close or both. For some other Alt-A products, the borrower is not required to provide any information regarding employment income, assets required to close or both. Alt-A products with less verification documentation generally have other compensating factors such as higher credit score or lower loan-to-value requirements. * * * Generally, in order to determine if a borrower qualifies for an Alt-A loan, MortgageIT underwriting staff or contract underwriters provided by certain mortgage insurance companies manually underwrite and approve such loans; under certain limited circumstances, if other application safeguards are in place, a borrower's qualification for an Alt-A loan is determined utilizing automated underwriting systems. For manually underwritten loans, the underwriter must ensure that the borrower's income will support the total housing expense on an ongoing basis. Underwriters may give consideration to borrowers who have demonstrated an ability to carry a similar or greater housing expense for an extended period.

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	Prospectus Supplement at S-44: MortgageIT realizes that there may be some acceptable quality loans that fall outside published guidelines and encourages "common sense" underwriting. Because a multitude of factors are involved in a loan transaction, no set of guidelines can contemplate every potential situation. Therefore, exceptions to these underwriting guidelines are considered, so long as the borrower has other reasonable compensating factors, on a case-by-case basis. Prospectus Supplement at S-40: The sponsor is responsible for pooling the mortgage loans to be securitized by the depositor, negotiating the principal securitization transaction documents and participating with the underwriter in the structuring of such transactions.

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<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS</th></tr>
<tr><td>DBALT 2007-OA1</td><td>
Prospectus Supplement dated 02/28/07 at 19 of 221:

The sponsor [DB Structured Products] will represent that, as of the closing date, each mortgage loan is in compliance with applicable federal and state laws and regulations.

Prospectus Supplement at 24 of 221:

At origination, the Mortgage Loans had approximate loan-to-value ratios as described in the table below.

<table>
<tr><th>Approximate Loan-to-Value Ratio</th><th>Percentage of Mortgage Loans by Principal Balance</th></tr>
<tr><td>Less than or equal to 80%</td><td>87.75%</td></tr>
<tr><td>Greater than 80%, but less than or equal to 95%</td><td>12.25%</td></tr>
</table>

Prospectus Supplement at 35 of 221:

[Residential Funding Company, LLC:]

Appraisals. The underwriting standards applied by an originator typically require that the underwriting officers of the originator be satisfied that the value of the property being financed, as indicated by an appraisal or other acceptable valuation method as described below, currently supports and is anticipated to support in the future the outstanding loan balance ...

The adequacy of the mortgaged property as security for repayment of the related Mortgage Loan generally is determined by an appraisal in accordance with appraisal procedure guidelines described in the Seller Guide. Appraisers may be staff appraisers employed by the originator. The appraisal procedure guidelines generally require the appraiser or an agent on its behalf to personally inspect the property and to verify whether the property is in good condition and that construction, if new, has been
</td></tr>
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	substantially completed. The appraiser is required to consider a market data analysis of recent sales of comparable properties and, when deemed applicable, an analysis based on income generated from the property, or replacement cost analysis based on the current cost of constructing or purchasing a similar property. In certain instances, the LTV ratio is based on the appraised value as indicated on a review appraisal conducted by the mortgage collateral seller or originator. Prospectus Supplement at 33 of 221: Residential Funding Company ***General.*** The underwriting standards applicable to mortgage loans acquired from Residential Funding Company, LLC include a set of specific criteria by which the underwriting evaluation is made. However, the application of the underwriting standards does not imply that each specific criterion was satisfied individually. Rather, a mortgage loan will be considered to be originated in accordance with the underwriting standards described below if, based on an overall qualitative evaluation, the loan is in substantial compliance with the underwriting standards. For example, a mortgage loan may be considered to comply with the underwriting standards described below, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors positively compensated for the criteria that were not satisfied or if the mortgage loan is considered to be in substantial compliance with the underwriting standards. * * * ***Mortgage Loan Program.*** The mortgage loans acquired from Residential Funding Company, LLC will have been purchased either directly or indirectly through Residential Funding Company, LLC from sellers, as described below under "*—Qualifications of Program Sellers*." These mortgage loans will have been originated generally in accordance with Residential Funding Company, LLC's underwriting standards or alternative underwriting criteria as described below.

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	* * * ***Expanded Criteria Program.*** Residential Funding Company, LLC's Expanded Criteria Program is designed for borrowers with good credit who may have difficulty obtaining traditional financing due to loan characteristics, such as LTV ratios higher than 80%, occupancy of the mortgaged property or type of mortgaged property, or borrower characteristics such as self-employment. The specific underwriting standards with respect to the mortgage loans purchased pursuant to the Expanded Criteria Program will in most cases conform to those published in Residential Funding Company, LLC's Expanded Criteria Seller Guide as it applies to the Expanded Criteria Program, or Seller Guide, as modified from time to time. The applicable underwriting standards are in most cases less stringent than underwriting standards applicable to mortgage loans originated under other first mortgage loan purchase programs such as those run by Fannie Mae or Freddie Mac or by Residential Funding Company, LLC for the purpose of collateralizing securities issued by Residential Funding Company, LLC's affiliate, Residential Funding Mortgage Securities I, Inc. Prospectus Supplement at 34 – 35 of 221: ***General Underwriting Policies.*** Residential Funding Company, LLC expects that the originator of each of the mortgage loans will have applied, consistent with applicable federal and state laws and regulations, underwriting procedures intended to evaluate the borrower's credit standing and repayment ability and/or the value and adequacy of the related property as collateral. The mortgage loans may be underwritten by Residential Funding Company, LLC or a seller through the use of an automated underwriting system. * * * ***Loan Documentation.*** In most cases, under a traditional "full documentation" program, each mortgagor will have been required to complete an application designed to provide to the original lender pertinent credit information concerning the mortgagor. In accordance with the Seller Guide, the Expanded

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	Criteria Program Seller is required to review the application. As part of the description of the mortgagor's financial condition, the mortgagor will have furnished information, which may be supplied solely in the application, with respect to its assets, liabilities, income (except as described below), credit history, employment history and personal information, and furnished an authorization to apply for a credit report that summarizes the borrower's credit history with local merchants and lenders and any record of bankruptcy. The mortgagor may also have been required to authorize verifications of deposits at financial institutions where the mortgagor had demand or savings accounts… In the case of certain borrowers with acceptable payment histories, no income will be required to be stated, or verified, in connection with the loan application. Certain of the mortgage loans have been originated under "reduced documentation" or "no stated income" programs, which require less documentation and verification than do traditional "full documentation" programs. Generally, under a "reduced documentation" program, no verification of a mortgagor's stated income is undertaken by the originator. Under a "no stated income" program, certain borrowers with acceptable payment histories will not be required to provide any information regarding income and no other investigation regarding the borrower's income will be undertaken. Under a "no income/no asset" program, no verification of a mortgagor's income or assets is undertaken by the originator. The underwriting for those mortgage loans may be based primarily or entirely on an appraisal of the mortgaged property and the LTV ratio at origination. * * * Mortgage loans may also have been underwritten pursuant to a streamlined documentation refinancing program. Such program permits some mortgage loans to be refinanced with only limited verification or updating of the underwriting information that was obtained at the time that the original Mortgage Loan was originated. For example, a new appraisal of a mortgaged property may not be required if the related original Mortgage Loan was originated up to 24 months prior to the refinancing. In addition, a mortgagor's income may not be verified, although continued employment is required to be verified. In certain circumstances, a mortgagor may be permitted to borrow up to 100% of the outstanding principal amount of the original Mortgage Loan. Each Mortgage Loan underwritten pursuant to this program will

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	be treated as having been underwritten pursuant to the same underwriting documentation program as the Mortgage Loan that it refinanced. Prospectus Supplement at 34 – 36 of 221: ***Application of Underwriting Standards.*** Based on the data provided in the application and certain verifications, if required, and the appraisal or other valuation of the mortgaged property, a determination will have been made by the original lender that the mortgagor's monthly income, if required to be stated, would be sufficient to enable the mortgagor to meet its monthly obligations on the Mortgage Loan and other expenses related to the property. * * * A portion of the mortgage loans typically will be reviewed by Residential Funding Company, LLC or by a designated third party for compliance with applicable underwriting criteria. The level of review by Residential Funding Company, LLC, if any, will vary depending on several factors. Residential Funding Company, LLC typically will review a sample of the mortgage loans purchased by Residential Funding Company, LLC for conformity with the applicable underwriting standards and to assess the likelihood of repayment of the Mortgage Loan from the various sources for such repayment, including the mortgagor, the mortgaged property, and primary mortgage insurance, if any. With regard to a material portion of these mortgage loans, this review of underwriting information by Residential Funding Company, LLC was performed using an automated underwriting system… Any determination using an automated underwriting system will only be based on the information entered into the system and the information the system is programmed to review. Such underwriting reviews will generally not be conducted with respect to any individual mortgage pool related to a series of certificates. In reviewing seasoned mortgage loans, or mortgage loans that have been outstanding for more than 12 months, Residential Funding Company, LLC may also take into consideration the mortgagor's actual payment history in assessing a mortgagor's current ability to make payments on the Mortgage Loan….In its underwriting analysis, Residential Funding Company, LLC may also consider the applicable FICO

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	Credit Score of the related mortgagor used in connection with the origination of the Mortgage Loan, as determined based on a credit scoring model acceptable to Residential Funding Company, LLC. Prospectus Supplement at 36 – 37 of 221: …Credit Scores may be obtained by Residential Funding Company, LLC after the origination of a mortgage loan if the seller does not provide to Residential Funding Company, LLC a Credit Score. * * * Residential Funding Company, LLC evaluates many of the mortgage loans that it purchases through the use of one or more automated underwriting systems. In general, these systems are programmed to review most of the information set forth in Residential Funding Company, LLC's Seller Guide as the underwriting criteria necessary to satisfy each underwriting program. In the case of the Expanded Criteria Program, the system may make adjustments for some compensating factors, which could result in a Mortgage Loan being approved even if all of the specified underwriting criteria in the Seller Guide for that underwriting program are not satisfied. * * * In some cases, Residential Funding Company, LLC enters information into the automated underwriting system using documentation delivered to Residential Funding Company, LLC by the mortgage collateral seller. In this situation, each automated review will either generate an approval or a recommendation for further review. Most approved mortgage loans will not receive any additional review of their credit components. In the case of a recommendation for further review, underwriting personnel may perform a manual review of the Mortgage Loan documentation before Residential Funding Company, LLC will accept or reject the Mortgage Loan. For most mortgage collateral sellers, Residential Funding Company, LLC will conduct a limited review of the Mortgage Loan documentation. If that limited review does not detect any material deviations from the applicable

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	underwriting criteria, Residential Funding Company, LLC will approve that Mortgage Loan for purchase. * * * In other cases, the mortgage collateral seller enters the information directly into the automated underwriting system. Mortgage loans that have been approved by the automated underwriting system and submitted to Residential Funding Company, LLC for purchase may be reviewed to verify that the information entered by the mortgage collateral seller accurately reflects information contained in the underwriting documentation. For most mortgage collateral sellers, Residential Funding Company, LLC will verify the accuracy of the information with respect to a sample of that mortgage collateral seller's mortgage loans. Prospectus Supplement at 40 of 221: Under its Standard Underwriting Guidelines, Countrywide Home Loans generally permits a debt-to-income ratio based on the borrower's monthly housing expenses of up to 33% and a debt-to-income ratio based on the borrower's total monthly debt of up to 38%. Prospectus Supplement at 41-42 of 221: The Expanded Underwriting Guidelines also permit higher debt-to-income ratios than mortgage loans underwritten pursuant to the Standard Underwriting Guidelines. * * * Under its Expanded Underwriting Guidelines, Countrywide Home Loans generally permits a debt-to-income ratio based on the borrower's monthly housing expenses of up to 36% and a debt-to-income ratio based on the borrower's total monthly debt of up to 40%; provided, however, that if the Loan-to-Value Ratio exceeds 80%, the maximum permitted debt-to-income ratios are 33% and 38%,

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	respectively. Prospectus Supplement at 43 of 221: The sponsor is responsible for pooling the mortgage loans to be securitized by the depositor, negotiating the principal securitization transaction documents and participating with the underwriter in the structuring of such transactions.

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<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS</th></tr>
<tr><td>DBALT 2007-OA2</td><td>
Prospectus Supplement dated 03/30/07 at S-21:

The sponsor will represent that, as of the closing date, each mortgage loan is in compliance with applicable federal and state laws and regulations.

Prospectus Supplement at S-29:

At origination, the Mortgage Loans had approximate loan-to-value ratios as described in the table below.

<table>
<tr><th>Approximate Loan-to-Value Ratio</th><th>Percentage of Mortgage Loans by Principal Balance</th></tr>
<tr><td>Less than or equal to 80%</td><td>98.93%</td></tr>
<tr><td>Greater than 80%, but less than or equal to 95%</td><td>1.07%</td></tr>
</table>
Prospectus Supplement at S-44:

[IndyMac Bank, F.S.B.:]

To determine the adequacy of the property to be used as collateral, an appraisal is generally made of the subject property in accordance with the Uniform Standards of Profession Appraisal Practice. The appraiser generally inspects the property, analyzes data including the sales prices of comparable properties and issues an opinion of value using a Fannie Mae/Freddie Mac appraisal report form, or other acceptable form. In some cases, an automated valuation model (AVM) may be used in lieu of an appraisal. AVMs are computer programs that use real estate information, such as demographics, property characteristics, sales prices, and price trends to calculate a value for the specific property. The value of the property, as indicated by the appraisal or AVM, must support the loan amount.
</td></tr>
</table>

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	Prospectus Supplement at S-45 - S-46: [Impac Funding Corporation:] *Appraisals*. Impac Funding does not publish an approved appraiser list for the conduit seller. Each conduit seller maintains its own list of appraisers, provided that each appraiser must: • be a state licensed or certified appraiser; • meet the independent appraiser requirements for staff appraisers, or, if appropriate, be on a list of appraisers specified by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the FDIC and the Office of Thrift Supervision under their respective real estate appraisal regulations adopted in accordance with Title XI of the Financial Institutions Reform Recovery and Enforcement Act of 1989, regardless of whether the seller is subject to those regulations; • be experienced in the appraisal of properties similar to the type being appraised; • be actively engaged in appraisal work; and • subscribe to a code of ethics that is at least as strict as the code of the American Institute of Real Estate Appraisers or the Society of Real Estate Appraisers. Prospectus Supplement at S-42: IndyMac Bank Mortgage loans that are acquired by IndyMac Bank are underwritten by IndyMac Bank according to IndyMac Bank's underwriting guidelines, which also accept mortgage loans meeting Fannie Mae or Freddie Mac guidelines regardless of whether such mortgage loans would otherwise meet IndyMac

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	Bank's guidelines, or pursuant to an exception to those guidelines based on IndyMac Bank's procedures for approving such exceptions. Conventional mortgage loans are loans that are not insured by the FHA or partially guaranteed by the VA. Conforming mortgage loans are loans that qualify for sale to Fannie Mae and Freddie Mac, whereas non-conforming mortgage loans are loans that do not so qualify. Non-conforming mortgage loans originated or purchased by IndyMac Bank pursuant to its underwriting programs typically differ from conforming loans primarily with respect to loan-to-value ratios, borrower income, required documentation, interest rates, borrower occupancy of the mortgaged property and/or property types. To the extent that these programs reflect underwriting standards different from those of Fannie Mae and Freddie Mac, the performance of loans made pursuant to these different underwriting standards may reflect higher delinquency rates and/or credit losses. * * * IndyMac Bank has two principal underwriting methods designed to be responsive to the needs of its mortgage loan customers: traditional underwriting and e-MITS (Electronic Mortgage Information and Transaction System) underwriting. E-MITS is an automated, internet-based underwriting and risk-based pricing system. IndyMac Bank believes that e-MITS generally enables it to estimate expected credit loss, interest rate risk and prepayment risk more objectively than traditional underwriting and also provides consistent underwriting decisions. IndyMac Bank has procedures to override an e-MITS decision to allow for compensating factors. * * * IndyMac Bank's underwriting criteria for traditionally underwritten mortgage loans includes an analysis of the borrower's credit history, ability to repay the mortgage loan and the adequacy of the mortgaged property as collateral. Traditional underwriting decisions are made by individuals authorized to consider compensating factors that would allow mortgage loans not otherwise meeting IndyMac Bank's guidelines.

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	* * * In determining a borrower's FICO credit score, IndyMac Bank generally selects the middle credit score of the scores provided by each of the three major U.S. credit repositories (Equifax, TransUnion and Experian) for each borrower, and then selects the lowest of these scores. Prospectus Supplement at S-43: IndyMac Bank originates and purchases loans that have been originated under one of seven documentation programs: Full/Alternate, FastForward, Bank Statement, Stated Income, No Income/No Asset, No Ratio and No Doc. * * * Under the Full/Alternate Documentation Program, the prospective borrower's employment, income and assets are verified through written or telephonic communications. All loans may be submitted under the Full/Alternate Documentation Program. The Full/Alternate Documentation Program also provides for alternative methods of employment verification generally using W-2 forms or pay stubs. Borrowers applying under the Full/Alternate Documentation Program may, based on certain credit and loan characteristics, qualify for IndyMac Bank's FastForward program and be entitled to income and asset documentation relief. Borrowers who qualify for FastForward must state their income, provide a signed Internal Revenue Service Form 4506 (authorizing IndyMac Bank to obtain copies of their tax returns), and state their assets; IndyMac Bank does not require any verification of income or assets under this program. * * * The Bank Statement Documentation Program is similar to the Full/Alternate Documentation Program except that borrowers generally must document income and employment for six months (rather than

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	two, as required by the Full/Alternate Documentation Program). Borrowers under the Bank Statement Documentation Program may use bank statements to verify their income and employment. If applicable, written verification of a borrower's assets is required under this program. * * * Under the Stated Income Documentation Program and the No Ratio Program, more emphasis is placed on the prospective borrower's credit score and on the value and adequacy of the mortgaged property as collateral and other assets of the prospective borrower than on income underwriting. The Stated Income Documentation Program requires prospective borrowers to provide information regarding their assets and income. Information regarding assets is verified through written communications. Information regarding income is not verified. The No Ratio Program requires prospective borrowers to provide information regarding their assets, which is then verified through written communications. The No Ratio Program does not require prospective borrowers to provide information regarding their income. Employment is orally verified under both programs. * * * Under the No Income/No Asset Documentation Program and the No Doc Documentation Program, emphasis is placed on the credit score of the prospective borrower and on the value and adequacy of the mortgaged property as collateral, rather than on the income and the assets of the prospective borrower. Prospective borrowers are not required to provide information regarding their assets or income under either program, although under the No Income/No Asset Documentation Program, employment is orally verified. * * * IndyMac Bank generally will re-verify income, assets, and employment for mortgage loans it acquires through the wholesale channel, but not for mortgage loans acquired through other channels.

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	* * * Maximum loan-to-value and combined loan-to-value ratios and loan amounts are established according to the occupancy type, loan purpose, property type, FICO credit score, number of previous late mortgage payments, and the age of any bankruptcy or foreclosure actions. Prospectus Supplement at S-44: Underwriting procedures vary by channel of origination. Generally, mortgage loans originated through the mortgage professional channel will be submitted to e-MITS for assessment and subjected to a full credit review and analysis. Mortgage loans that do not meet IndyMac Bank's guidelines may be manually re-underwritten and approved under an exception to those underwriting guidelines. Mortgage loans originated through the consumer direct channel are subjected to essentially the same procedures, modified as necessary to reflect the fact that no third-party contributes to the preparation of the credit file. * * * IndyMac Bank currently operates two mortgage loan purchase programs as part of its correspondent channel: 1. *Prior Approval Program*. Under this program, IndyMac Bank performs a full credit review and analysis of each mortgage loan generally with the same procedures used for mortgage loans originated through the mortgage professionals channel. Only after IndyMac Bank issues an approval notice to a "***third party loan originator***" is a mortgage loan eligible for purchase pursuant to this program. 2. *Preferred Delegated Underwriting Program*. Under this program, third party loan originators that meet certain eligibility requirements are allowed to tender mortgage loans for purchase without the need for IndyMac Bank to verify mortgagor information. The eligibility requirements for participation in the Preferred Delegated Underwriting Program vary based on the net worth of the third party loan originators with more stringent requirements imposed on third party loan originators with a lower net worth.

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	* * * Under the Preferred Delegated Underwriting Program, each eligible third party loan originator is required to underwrite mortgage loans in compliance with IndyMac Bank's underwriting guidelines usually by use of e- MITS or, infrequently, by submission of the mortgage loan to IndyMac Bank for traditional underwriting. A greater percentage of mortgage loans purchased pursuant to this program are selected for post-purchase quality control review than for the other program. * * * Mortgage loans originated through the conduit channel are generally initially underwritten by a "third party seller" to the third party seller's underwriting guidelines. IndyMac Bank reviews each third party seller's guidelines for acceptability, and these guidelines generally meet industry standards and incorporate many of the same factors used by Fannie Mae, Freddie Mac and IndyMac Bank. Each mortgage loan is re-underwritten by IndyMac Bank for compliance with its guidelines based only on the objective characteristics of the mortgage loan, such as FICO credit score, documentation type, loan-to-value ratio, etc., but without reassessing the underwriting procedures originally used. In addition, a portion of the mortgage loans acquired from a third party seller are subjected to a full reunderwriting. Exceptions to underwriting standards are permitted in situations in which compensating factors exist. * * * Examples of these factors are significant financial reserves, a low loan-to-value ratio, significant decrease in the borrower's monthly payment and long-term employment with the same employer.

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	Prospectus Supplement at S-45: Impac Funding Corporation *Eligibility*. Impac Funding generally performs a pre funding audit on each mortgage loan. This audit includes a review for compliance with the related program parameters and accuracy of the legal documents. * * * *Variations*. Impac Funding uses the following parameters as guidelines only. On a case by case basis, Impac Funding may determine that the prospective mortgagor warrants an exception outside the standard program guidelines. An exception may be allowed if the loan application reflects certain compensating factors, including instances where the prospective mortgagor: • has demonstrated an ability to save and devote a greater portion of income to basic housing needs; • may have a potential for increased earnings and advancement because of education or special job training, even if the prospective mortgagor has just entered the job market; • has demonstrated an ability to maintain a debt free position; • may have short term income that is verifiable but could not be counted as stable income because it does not meet the remaining term requirements; and • has net worth substantial enough to suggest that repayment of the loan is within the prospective mortgagor's ability. Prospectus Supplement at S-46: *General*. The underwriting guidelines utilized in the Progressive Series Program, as developed by Impac Funding, are intended to assess the borrower's ability and willingness to repay the mortgage loan obligation and to assess the adequacy of the mortgaged property as collateral for the mortgage loan. The Progressive Series Program is designed to meet the needs of borrowers with excellent credit, as well as those whose credit has been adversely affected. The Progressive Series Program consists of seven mortgage loan programs. Each program has different credit criteria, reserve requirements, qualifying

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	ratios and loan to value ratio restrictions…The philosophy of the Progressive Series Program is that no single borrower characteristic should automatically determine whether an application for a mortgage loan should be approved or disapproved. Lending decisions are based on a risk analysis assessment after the review of the entire mortgage loan file. Each mortgage loan is individually underwritten with emphasis placed on the overall quality of the mortgage loan. * * * Under the Progressive Series Program, Impac Funding underwrites one to four family mortgage loans with loan to value ratios at origination of up to 100%, depending on, among other things, a borrower's credit history, repayment ability and debt service to income ratio, as well as the type and use of the mortgaged property. Prospectus Supplement at S-47: The mortgage loans in the Progressive Series Program generally bear rates of interest that are greater than those which are originated in accordance with Freddie Mac and Fannie Mae standards. * * * *Full/Alternative Documentation and Reduced Documentation Progressive Series Programs*. Each prospective borrower completes a mortgage loan application which includes information with respect to the applicant's liabilities, income, credit history, employment history and personal information. Impac Funding requires a credit report on each applicant from a credit reporting company. The report typically contains information relating to credit history with local and national merchants and lenders, installment debt payments and any record of defaults, bankruptcies, repossessions or judgments. * * *

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	The Progressive Series Program allows for approval of an application pursuant to the (a) Full/Alternative Documentation Program, or (b) the Limited Documentation Program or the "No Income, No Assets" Program or the No Ratio Program (any of the foregoing, a "Reduced Documentation Program"). The Full/Alternative Documentation Program requires the following documents: (i) Uniform Residential Loan Application (Fannie Mae Form 1003 or Freddie Mac Form 65), (ii) Statement of Assets and Liabilities (Fannie Mae Form 1003A or Freddie Mac Form 65A), (iii) In File Tri Merged Credit Report or Residential Mortgage Credit Report with records obtained from at least two separate repositories, (iv) Verification of Employment Form providing a complete two year employment history, (v) Verification of Deposit Form for all liquid assets, verifying minimum cash reserves based upon the loan to value ratio and borrower's income, and (vi) a Uniform Residential Appraisal Report (Fannie Mae Form 1004 or Freddie Mac Form 70). The Full/Alternative Documentation Program allows for the use of certain alternative documents in lieu of the Verification of Deposit Form and Verification of Employment Form. These include W 2 Statements, tax returns and one pay check from the most recent full month for verification of income and the most recent one month personal bank statement for verification of liquid assets. Prospectus Supplement at S-48: Under the "Stated Income Stated Assets" program available to borrowers in the Series I & II program, the borrower provides income and asset information, which Impac Funding is not required to verify, on the mortgage loan application. However, a debt-to-income ratio is calculated. * * * Under [the Lite Documentation Program] the borrower provides income information on the mortgage loan applicant and the debt to service to income ratio is calculated.

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	Prospectus Supplement at S-50 – S-51: **Progressive Express™ Programs with Documentation**…The concept of the Progressive Express™ Program is to underwrite the loan focusing on the borrower's Credit Score, ability and willingness to repay the mortgage loan obligation, and assess the adequacy of the mortgaged property as collateral for the loan. The Credit Score is an electronic evaluation of past and present credit accounts on the borrower's credit bureau report. This includes all reported accounts as well as public records and inquiries. The Progressive Express™ Program offers six levels of mortgage loan programs. The Progressive Express™ Program has a minimum Credit Score that must be met by the borrower's primary wage earner and does not allow for exceptions to the Credit Score requirement. Prospectus Supplement at S-51: All of the mortgage loans originated under the Progressive Express™ program are prior approved and/or underwritten either by employees of Impac Funding or underwritten by contracted mortgage insurance companies or delegated conduit sellers. * * * Each borrower completes a Residential Loan Application (Fannie Mae Form 1003 or Freddie Mac Form 65). The borrower must disclose employment and assets on the application, however, there is no verification of the information. If the borrower elects to verify assets, Impac Funding obtains from the borrower either verification of deposits or bank statements for the most recent one month period preceding the mortgage loan application. The conduit seller obtains a verbal verification of employment on each borrower.

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	* * * Impac Funding uses the foregoing parameters as guidelines only. Impac Funding may include certain provisions in the note that Impac Funding may not enforce. Full documentation is requested by the underwriter if it is the judgment of the underwriter that the compensating factors are insufficient for loan approval under the Progressive Express™ Product Line. Prospectus Supplement at S-53: **Progressive Express™ No Doc Program**…The concept of the No Doc program is to underwrite the loan focusing on the borrower's credit score, ability and willingness to repay the mortgage loan obligation, and assess the adequacy of the mortgaged property as collateral for the loan. The No Doc program has a minimum credit score and does not allow for exceptions to the credit score. The credit score requirement is as follows: 681 for Progressive Express™ No Doc I and 660 for Progressive Express™ No Doc II. Each program has a different credit score requirement and credit criteria. * * * All of the mortgage loans originated under the Progressive Express™ No Doc program are prior approved and/or underwritten either by employees of Impac Funding or underwritten by contracted mortgage insurance companies or delegated conduit sellers. * * * Each borrower completes a Residential Loan Application (Fannie Mae Form 1003 or Freddie Mac Form 65). The borrower does not disclose income, employment, or assets and a Verbal Verification of Employment is not provided. Generally, borrowers provide a daytime telephone number as well as an evening telephone number. If the prospective borrower elects to state and verify assets on the Residential Loan Application, Originator obtains from prospective borrowers either a verification of deposits or bank statements for the most recent one month period preceding the mortgage loan application.

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	Prospectus Supplement. dated at S-54: The sponsor [DB Structured Products] is responsible for pooling the mortgage loans to be securitized by the depositor, negotiating the principal securitization transaction documents and participating with the underwriter in the structuring of such transactions.

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<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
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<tr><td>DBALT 2007-OA4</td><td>Prospectus Supplement dated 06/29/07 at S-27:

The sponsor [DB Structured Products] will represent that, as of the closing date, each mortgage loan is in compliance with applicable federal and state laws and regulations.

Prospectus Supplement at S-37 - S-38:

At origination, the Mortgage Loans had approximate loan-to-value ratios as described in the table below.

Group I Mortgage Loans
<table><tr><th>Approximate Loan-to-Value Ratio</th><th>Percentage of Group I Mortgage Loans by Principal Balance</th></tr><tr><td>Less than or equal to 80%</td><td>94.23%</td></tr><tr><td>Greater than 80%, but less than or equal to 95%</td><td>5.77%</td></tr></table>
Group III Mortgage Loans
<table><tr><th>Approximate Loan-to-Value Ratio</th><th>Percentage of Group III Mortgage Loans by Principal Balance</th></tr><tr><td>Less than or equal to 80%</td><td>87.29%</td></tr><tr><td>Greater than 80%, but less than or equal to 95%</td><td>12.71%</td></tr></table></td></tr>
</table>

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	Prospectus Supplement at S-84: [Countrywide Home Loans, Inc.:] ... Countrywide Home Loans obtains appraisals from independent appraisers or appraisal services for properties that are to secure mortgage loans. The appraisers inspect and appraise the proposed mortgaged property and verify that the property is in acceptable condition. Following each appraisal, the appraiser prepares a report which includes a market data analysis based on recent sales of comparable homes in the area and, when deemed appropriate, a replacement cost analysis based on the current cost of constructing a similar home. All appraisals are required to conform to Fannie Mae or Freddie Mac appraisal standards then in effect. Prospectus Supplement at S-82: Countrywide Home Loans' underwriting standards are applied in accordance with applicable federal and state laws and regulations. * * * As part of its evaluation of potential borrowers, Countrywide Home Loans generally requires a description of income. If required by its underwriting guidelines, Countrywide Home Loans obtains employment verification providing current and historical income information and/or a telephonic employment confirmation. Such employment verification may be obtained, either through analysis of the prospective borrower's recent pay stub and/or W-2 forms for the most recent two years, relevant portions of the most recent two years' tax returns, or from the prospective borrower's employer, wherein the employer reports the length of employment and current salary with that organization. Self-employed prospective borrowers generally are required to submit relevant portions of their federal tax returns for the past two years.

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	Prospectus Supplement at S-83: In assessing a prospective borrower's creditworthiness, Countrywide Home Loans may use FICO Credit Scores. * * * Periodically the data used by Countrywide Home Loans to complete the underwriting analysis may be obtained by a third party, particularly for mortgage loans originated through a loan correspondent or mortgage broker. In those instances, the initial determination as to whether a mortgage loan complies with Countrywide Home Loans' underwriting guidelines may be made by an independent company hired to perform underwriting services on behalf of Countrywide Home Loans, the loan correspondent or mortgage broker. In addition, Countrywide Home Loans may acquire mortgage loans from approved correspondent lenders under a program pursuant to which Countrywide Home Loans delegates to the correspondent the obligation to underwrite the mortgage loans to Countrywide Home Loans' standards. Under these circumstances, the underwriting of a mortgage loan may not have been reviewed by Countrywide Home Loans before acquisition of the mortgage loan and the correspondent represents that Countrywide Home Loans' underwriting standards have been met. After purchasing mortgage loans under those circumstances, Countrywide Home Loans conducts a quality control review of a sample of the mortgage loans. The number of loans reviewed in the quality control process varies based on a variety of factors, including Countrywide Home Loans' prior experience with the correspondent lender and the results of the quality control review process itself. * * * Countrywide Home Loans' underwriting standards are applied by or on behalf of Countrywide Home Loans to evaluate the prospective borrower's credit standing and repayment ability and the value and adequacy of the mortgaged property as collateral.

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	Prospectus Supplement at S-84: The nature of the information that a borrower is required to disclose and whether the information is verified depends, in part, on the documentation program used in the origination process. In general under the Full Documentation Loan Program (the "***Full Documentation Program***"), each prospective borrower is required to complete an application which includes information with respect to the applicant's assets, liabilities, income, credit history, employment history and other personal information. Self-employed individuals are generally required to submit their two most recent federal income tax returns. Under the Full Documentation Program, the underwriter verifies the information contained in the application relating to employment, income, assets and mortgages. * * * A prospective borrower may be eligible for a loan approval process that limits or eliminates Countrywide Home Loans' standard disclosure or verification requirements or both. Countrywide Home Loans offers the following documentation programs as alternatives to its Full Documentation Program: an Alternative Documentation Loan Program (the "***Alternative Documentation Program***"), a Reduced Documentation Loan Program (the "***Reduced Documentation Program***"), a CLUES Plus Documentation Loan Program (the "***CLUES Plus Documentation Program***"), a No Income/No Asset Documentation Loan Program (the "***No Income/No Asset Documentation Program***"), a Stated Income/Stated Asset Documentation Loan Program (the "***Stated Income/Stated Asset Documentation Program***") and a Streamlined Documentation Loan Program (the "***Streamlined Documentation Program***"). * * * For all mortgage loans originated or acquired by Countrywide Home Loans, Countrywide Home Loans obtains a credit report relating to the applicant from a credit reporting company. The credit report typically contains information relating to such matters as credit history with local and national

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	merchants and lenders, installment debt payments and any record of defaults, bankruptcy, dispossession, suits or judgments. All adverse information in the credit report is required to be explained by the prospective borrower to the satisfaction of the lending officer. * * * In addition to Countrywide Home Loans' standard underwriting guidelines (the "***Standard Underwriting Guidelines***"), which are consistent in many respects with the guidelines applied to mortgage loans purchased by Fannie Mae and Freddie Mac, Countrywide Home Loans uses underwriting guidelines featuring expanded criteria (the "***Expanded Underwriting Guidelines***"). The Standard Underwriting Guidelines and the Expanded Underwriting Guidelines are described further under the next two headings. Prospectus Supplement at S-85 – S-86: In connection with the Standard Underwriting Guidelines, Countrywide Home Loans originates or acquires mortgage loans under the Full Documentation Program, the Alternative Documentation Program, the Reduced Documentation Program, the CLUES Plus Documentation Program or the Streamlined Documentation Program. * * * The Alternative Documentation Program permits a borrower to provide W-2 forms instead of tax returns covering the most recent two years, permits bank statements in lieu of verification of deposits and permits alternative methods of employment verification. * * *

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	Under the Reduced Documentation Program, some underwriting documentation concerning income, employment and asset verification is waived. Countrywide Home Loans obtains from a prospective borrower either a verification of deposit or bank statements for the two-month period immediately before the date of the mortgage loan application or verbal verification of employment. Since information relating to a prospective borrower's income and employment is not verified, the borrower's debt-to-income ratios are calculated based on the information provided by the borrower in the mortgage loan application…The CLUES Plus Documentation Program permits the verification of employment by alternative means, if necessary, including verbal verification of employment or reviewing paycheck stubs covering the pay period immediately prior to the date of the mortgage loan application. To verify the borrower's assets and the sufficiency of the borrower's funds for closing, Countrywide Home Loans obtains deposit or bank account statements from each prospective borrower for the month immediately prior to the date of the mortgage loan application…The Streamlined Documentation Program is available for borrowers who are refinancing an existing mortgage loan that was originated or acquired by Countrywide Home Loans provided that, among other things, the mortgage loan has not been more than 30 days delinquent in payment during the previous twelve-month period…In addition, under the Streamlined Documentation Program, a credit report is obtained but only a limited credit review is conducted, no income or asset verification is required, and telephonic verification of employment is permitted. Prospectus Supplement at S-86: ***Expanded Underwriting Guidelines.*** Mortgage loans which are underwritten pursuant to the Expanded Underwriting Guidelines may have higher Loan-to-Value Ratios, higher loan amounts and different documentation requirements than those associated with the Standard Underwriting Guidelines. The Expanded Underwriting Guidelines also permit higher debt-to-income ratios than mortgage loans underwritten pursuant to the Standard Underwriting Guidelines. * * *

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	In connection with the Expanded Underwriting Guidelines, Countrywide Home Loans originates or acquires mortgage loans under the Full Documentation Program, the Alternative Documentation Program, the Reduced Documentation Loan Program, the No Income/No Asset Documentation Program and the Stated Income/Stated Asset Documentation Program. Neither the No Income/No Asset Documentation Program nor the Stated Income/Stated Asset Documentation Program is available under the Standard Underwriting Guidelines. Prospectus Supplement at S-87: The same documentation and verification requirements apply to mortgage loans documented under the Alternative Documentation Program regardless of whether the loan has been underwritten under the Expanded Underwriting Guidelines or the Standard Underwriting Guidelines. However, under the Alternative Documentation Program, mortgage loans that have been underwritten pursuant to the Expanded Underwriting Guidelines may have higher loan balances and Loan-to-Value Ratios than those permitted under the Standard Underwriting Guidelines. Similarly, the same documentation and verification requirements apply to mortgage loans documented under the Reduced Documentation Program regardless of whether the loan has been underwritten under the Expanded Underwriting Guidelines or the Standard Underwriting Guidelines. However, under the Reduced Documentation Program, higher loan balances and Loan-to-Value Ratios are permitted for mortgage loans underwritten pursuant to the Expanded Underwriting Guidelines than those permitted under the Standard Underwriting Guidelines…The borrower is not required to disclose any income information for some mortgage loans originated under the Reduced Documentation Program, and accordingly debt-to-income ratios are not calculated or included in the underwriting analysis…Under the No Income/No Asset Documentation Program, no documentation relating to a prospective borrower's income, employment or assets is required and therefore debt-to-income ratios are not calculated or included in the underwriting analysis, or if the documentation or calculations are included in a mortgage loan file, they are not taken into account for purposes of the underwriting analysis. This program is limited to borrowers with excellent credit histories… Mortgage loans originated under the No Income/No Asset Documentation Program are generally eligible for sale to Fannie Mae or Freddie Mac. Under the Stated Income/Stated

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	Asset Documentation Program, the mortgage loan application is reviewed to determine that the stated income is reasonable for the borrower's employment and that the stated assets are consistent with the borrower's income…Mortgage loans originated under the Stated Income/Stated Asset Documentation Program are generally eligible for sale to Fannie Mae or Freddie Mac. Prospectus Supplement at S-85: Under its Standard Underwriting Guidelines, Countrywide Home Loans generally permits a debt-to-income ratio based on the borrower's monthly housing expenses of up to 33% and a debt-to-income ratio based on the borrower's total monthly debt of up to 38%. Prospectus Supplement at S-86: The Expanded Underwriting Guidelines also permit higher debt-to-income ratios than mortgage loans underwritten pursuant to the Standard Underwriting Guidelines. * * * Under its Expanded Underwriting Guidelines, Countrywide Home Loans generally permits a debt-to-income ratio based on the borrower's monthly housing expenses of up to 36% and a debt-to-income ratio based on the borrower's total monthly debt of up to 40%; provided, however, that if the Loan-to-Value Ratio exceeds 80%, the maximum permitted debt-to-income ratios are 33% and 38%, respectively. Prospectus Supplement at S-88: The sponsor is responsible for pooling the mortgage loans to be securitized by the depositor, negotiating the principal securitization transaction documents and participating with the underwriter in the structuring of such transactions.

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DMSI 2006-PR1	Private Placement Memorandum dated 11/30/06 at S-78: *General* All of the Mortgage Loans were originated by Doral Financial Corporation or its subsidiaries, referred to herein as Doral. All of the Mortgage Loans have been originated generally in accordance with credit, appraisal and underwriting standards acceptable to Doral, at the time of origination, which are referred to herein as the "Doral Underwriting Guidelines". However, all of the Mortgage Loans are seasoned and were originated over a loan period of time. The underwriting standards under which the Mortgage Loans were originated changed over the period of time that the Mortgage Loans were originated. As a result, the specific details of the programs under which the Mortgage Loans were underwritten, or which they were exceptions to, are of limited materiality. *Doral Financial Corporation* The Mortgage Loans were originated pursuant to Doral's Underwriting Guidelines. Pursuant to Doral's Underwriting Guidelines, all mortgage loans are approved by an underwriting committee after preliminary approval by loan processors. Doral's Underwriting Guidelines also include procedures to ascertain the value of the property and the prospective borrower's ability to pay. In connection with the change of Doral's business strategies, Doral's current management determined that Doral's Underwriting Guidelines and controls were not sufficiently robust or effective to enable Doral to readily sell non-conforming loans in the U.S. institutional secondary mortgage market and were not consistent with Doral's goals of retaining a greater portion of loan production and improving the quality of its loan portfolio. Accordingly, Doral's current management, with the assistance of outside experts, is implementing a number of changes in Doral's loan application and underwriting procedures and controls. Doral has decided to implement uniform, automated and rules-based underwriting procedures. Doral believes that these underwriting standards will allow it to more efficiently underwrite assets with better credit quality and risk price its loan products in the future.

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	Private Placement Memorandum at S-16: The Group 5 Mortgage Loans will consist of primarily 30-year fixed-rate mortgage loans. As of the Cut-Off Date, the Group 5 Mortgage Loans in the aggregate will have the following approximate characteristics:… (see table below)

	Range or Total	Weighted Average
Original Loan-to-Value Ratio	5.25% - 100.00%	77.46%

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INDX 2006-AR27	Prospectus Supplement dated 08/29/06 at S-73: The sponsor works with underwriters and rating agencies in structuring their securitization transactions. Prospectus Supplement at S-27: The weighted average loan-to-value ratios of such group 1 mortgage loans and group 2 mortgage loans are approximately 75.41% and 71.27%, respectively, and the weighted average combined loan-to-value ratios (including the second lien) are approximately 86.54% and 77.97%, respectively. Prospectus Supplement at S-68 - S-69: To determine the adequacy of the property to be used as collateral, an appraisal is generally made of the subject property in accordance with the Uniform Standards of Profession Appraisal Practice. The appraiser generally inspects the property, analyzes data including the sales prices of comparable properties and issues an opinion of value using a Fannie Mae/Freddie Mac appraisal report form, or other acceptable form. In some cases, an automated valuation model (AVM) may be used in lieu of an appraisal. AVMs are computer programs that use real estate information, such as demographics, property characteristics, sales prices, and price trends to calculate a value for the specific property. The value of the property, as indicated by the appraisal or AVM, must support the loan amount. Prospectus Supplement at S-67: Mortgage loans that are acquired by IndyMac Bank are underwritten by IndyMac Bank according to IndyMac Bank's underwriting guidelines, which also accept mortgage loans meeting Fannie Mae or Freddie Mac guidelines regardless of whether such mortgage loans would otherwise meet IndyMac Bank's guidelines, or pursuant to an exception to those guidelines based on IndyMac Bank's procedures for approving such exceptions.

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	* * * IndyMac Bank has two principal underwriting methods designed to be responsive to the needs of its mortgage loan customers: traditional underwriting and e-MITS (Electronic Mortgage Information and Transaction System) underwriting. E-MITS is an automated, internet-based underwriting and risk-based pricing system. IndyMac Bank believes that e-MITS generally enables it to estimate expected credit loss, interest rate risk and prepayment risk more objectively than traditional underwriting and also provides consistent underwriting decisions. * * * IndyMac Bank has procedures to override an e-MITS decision to allow for compensating factors. IndyMac Bank's underwriting criteria for traditionally underwritten mortgage loans includes an analysis of the borrower's credit history, ability to repay the mortgage loan and the adequacy of the mortgaged property as collateral. Traditional underwriting decisions are made by individuals authorized to consider compensating factors that would allow mortgage loans not otherwise meeting IndyMac Bank's guidelines. * * * In determining a borrower's FICO Credit Score, IndyMac Bank generally selects the middle credit score of the scores provided by each of the three major U.S. credit repositories (Equifax, TransUnion and Experian) for each borrower, and then selects the lowest of these scores. In some instances, IndyMac Bank selects the middle score of the borrower with the largest amount of qualifying income among all of the borrowers on the mortgage loan. A FICO Credit Score might not be available for a borrower due to insufficient credit information on file with the credit repositories. In these situations, IndyMac Bank will establish a borrower's credit history through documentation of alternative sources of credit such as utility payments, auto insurance payments and rent payments. In addition to the FICO Credit Score, other information regarding a borrower's credit quality is considered in the loan approval process, such

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	as the number and degree of any late mortgage or rent payments within the preceding 12-month period, the age of any foreclosure action against any property owned by the borrower, the age of any bankruptcy action, the number of seasoned tradelines reflected on the credit report and any outstanding judgments, liens, chargeoffs or collections. Prospectus Supplement dated 08/29/06 at S-68: Additionally, maximum total monthly debt payments-to-income ratios and cash-out limits may be applied [when determining loan eligibility]. Prospectus Supplement at S-68: IndyMac Bank purchases loans that have been originated under one of seven documentation programs: Full/Alternate, FastForward, Limited, Stated Income, No Ratio, No Income/No Asset and No Doc. In general, documentation types that provide for less than full documentation of employment, income and liquid assets require higher credit quality and have lower loan-to-value ratios and loan amount limits. * * * Under the Full/Alternate Documentation Program, the prospective borrower's employment, income and assets are verified through written documentation such as tax returns, pay stubs or W-2 forms. Generally, a two year history of employment or continuous source of income is required to demonstrate adequacy and continuance of income. Borrowers applying under the Full/Alternate Documentation Program may, based on certain loan characteristics and higher credit quality, qualify for IndyMac Bank's FastForward program and be entitled to income and asset documentation relief. Borrowers who qualify for FastForward must state their income, provide a signed Internal Revenue Service Form 4506 (authorizing IndyMac Bank to obtain copies of their tax returns), and state their assets. IndyMac Bank does not require any verification of income or assets under this program.

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	* * * The Limited Documentation Program is similar to the Full/Alternate Documentation Program except that borrowers generally must document income and employment for one year (rather than two, as required by the Full/Alternate Documentation Program). Borrowers under the Limited Documentation Program may use bank statements to verify their income and employment. If applicable, written verification of a borrower's assets is required under this program. * * * The Stated Income Documentation Program requires prospective borrowers to provide information regarding their assets and income. Information regarding a borrower's assets, if applicable, is verified through written communications. Information regarding income is not verified and employment verification may not be written. * * * The No Ratio Program requires prospective borrowers to provide information regarding their assets, which is then verified through written communications. The No Ratio Program does not require prospective borrowers to provide information regarding their income, but verification of employment may not be written. Under the No Income/No Asset Documentation Program and the No Doc Documentation Program, emphasis is placed on the credit score of the prospective borrower and on the value and adequacy of the mortgaged property as collateral, rather than on the income and the assets of the prospective borrower. Prospective borrowers are not required to provide information regarding their assets or income under either program, although under the No Income/No Asset Documentation Program, employment is orally verified.

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	* * * IndyMac Bank generally will re-verify income, assets, and employment for mortgage loans it acquires through the wholesale channel, but not for mortgage loans acquired through other channels. Prospectus Supplement at S-69: Underwriting procedures vary by channel of origination. Generally, mortgage loans originated through the mortgage professional channel will be submitted to e-MITS for assessment and subjected to a full credit review and analysis. Mortgage loans that do not meet IndyMac Bank's guidelines may be manually re-underwritten and approved under an exception to those underwriting guidelines. Mortgage loans originated through the consumer direct channel are subjected to essentially the same procedures, modified as necessary to reflect the fact that no third-party contributes to the preparation of the credit file. * * * IndyMac Bank currently operates two mortgage loan purchase programs as part of its correspondent channel: 1. *Prior Approval Program*. Under this program, IndyMac Bank performs a full credit review and analysis of each mortgage loan generally with the same procedures used for mortgage loans originated through the mortgage professionals channel. Only after IndyMac Bank issues an approval notice to a loan originator is a mortgage loan eligible for purchase pursuant to this program. 2. *Preferred Delegated Underwriting Program*. Under this program, loan originators that meet certain eligibility requirements are allowed to tender mortgage loans for purchase without the need for IndyMac Bank to verify mortgagor information. The eligibility requirements for participation in the Preferred Delegated Underwriting Program vary based on the net worth of the loan originators with more stringent requirements imposed on loan originators with a lower net worth. Loan originators are required to submit a variety of information to IndyMac Bank for review, including their current audited

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	financial statements, their quality control policies and procedures, their current errors and omissions/fidelity insurance coverage evidencing blanket coverage in a minimum amount of $300,000, at least three underwriters' resumes showing at least three years experience or a direct endorsement designation, and at least two references from mortgage insurance companies. Loan originators are required to have an active, traditional warehouse line of credit, which is verified together with the bailee letter and wire instructions. IndyMac Bank requires each loan originator to be recertified on an annual basis to ensure that it continues to meet the minimum eligibility guidelines for the Preferred Delegated Underwriting Program. * * * Under the Preferred Delegated Underwriting Program, each eligible loan originator is required to underwrite mortgage loans in compliance with IndyMac Bank's underwriting guidelines usually by use of e-MITS or, infrequently, by submission of the mortgage loan to IndyMac Bank for traditional underwriting. A greater percentage of mortgage loans purchased pursuant to this program are selected for post-purchase quality control review than for the other program. * * * Mortgage loans originated through the conduit channel were generally initially underwritten by the seller to the seller's underwriting guidelines. IndyMac Bank reviews each seller's guidelines for acceptability, and these guidelines generally meet industry standards and incorporate many of the same factors used by Fannie Mae, Freddie Mac and IndyMac Bank. Each mortgage loan is re-underwritten by IndyMac Bank for compliance with its guidelines based only on the objective characteristics of the mortgage loan, such as FICO, documentation type, loan-to- value ratio, etc., but without reassessing the underwriting procedures originally used. In addition, a portion of the mortgage loans acquired from a seller are subjected to a full re-underwriting.

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	* * * Exceptions to underwriting standards are permitted in situations in which compensating factors exist. Examples of these factors are significant financial reserves, a low loan-to-value ratio, significant decrease in the borrower's monthly payment and long-term employment with the same employer.

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MHL 2007-1	Prospectus Supplement dated 05/31/07 at S-25: The sponsor [DB Structured Products] will represent that, as of the closing date, each mortgage loan is in compliance with applicable federal and state laws and regulations. Prospectus Supplement at S-5: Initial Group II Mortgage Loans[:] ... Original Loan-to-Value Ratio [Range:] 28.89% - 100.00% [Weighted Average:] 75.89% Prospectus Supplement at S-63 - S-64: Every MortgageIT mortgage loan is secured by a property that has been appraised by a licensed appraiser in accordance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation. The appraisers perform on site inspections of the property and report on the neighborhood and property condition in factual and specific terms. Loans in excess of one million dollars require (i) two full appraisals or (ii) one full appraisal and a field review, ordered by a MortgageIT-approved national appraiser, including photographs of the interior and the exterior of the subject property. Each appraisal contains an opinion of value that represents the appraiser's professional conclusion based on market data of sales of comparable properties, a logical analysis with adjustments for differences between the comparable sales and the subject property and the appraiser's judgment. In addition, a MortgageIT underwriter or a mortgage insurance company contract underwriter reviews each appraisal for accuracy and consistency.

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	Prospectus Supplement at S-63: MortgageIT's underwriting philosophy is to weigh all risk factors inherent in the loan file, giving consideration to the individual transaction, borrower profile, the level of documentation provided and the property used to collateralize the debt. Because each loan is different, MortgageIT expects and encourages underwriters to use professional judgment based on their experience in making a lending decision. MortgageIT underwrites a borrower's creditworthiness based solely on information that MortgageIT believes is indicative of the applicant's willingness and ability to pay the debt they would be incurring. Prospectus Supplement at S-64: The mortgage loans have been originated under "full/alternative", "stated income/verified assets", "stated income/stated assets", "no documentation" or "no ratio" programs. The "full/alternative" documentation programs generally verify income and assets in accordance with Fannie Mae/Freddie Mac underwriting requirements. The stated income/verified assets, stated income/stated assets, no documentation or no ratio programs generally require less documentation and verification than do full documentation programs which generally require standard Fannie Mae/Freddie Mac approved forms for verification of income/employment, assets and certain payment histories. Generally, under both "full/alternative" documentation programs, at least one month of income documentation is provided. This documentation is also required to include year-to-date income or prior year income in case the former is not sufficient to establish consistent income. Generally, under a "stated income/verified assets" program, no verification of a mortgagor's income is undertaken by the origination; however, verification of the mortgagor's assets is obtained. Under a "stated income/stated assets" program, the originator undertakes no verification of either a mortgagor's income or a mortgagor's assets, although both income and assets are stated on the loan application and subject to reasonable underwriting approval. Generally, under a "no documentation" program, the mortgagor is not required to state his or her income or assets and therefore, the originator undertakes no verification of such mortgagor's income or assets. The underwriting for such mortgage loans may be based primarily or entirely on the estimated

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	value of the mortgaged property and the LTV ratio at origination as well as on the payment history and credit score. Generally, under a "no ratio" program, the mortgagor is not required to disclose their income although the nature of employment is disclosed. Additionally, on a "no ratio" program assets are verified. MortgageIT generally conducts a verbal verification of employment prior to closing. * * * MortgageIT obtains a credit report that summarizes each borrower's credit history. The credit report contains information from the three major credit repositories, Equifax, Experian and TransUnion. Prospectus Supplement at S-64 – S-65: In addition to reviewing the borrower's credit history and credit score, MortgageIT underwriters closely review the borrower's housing payment history. In general, for non-conforming loans the borrower should not have made any mortgage payments over 30 days after the due date for the most recent 24 months. In general, for Alt-A loans the borrower may have no more than one payment that was made over 30 days after the due date for the most recent 24 months. * * * The Alt-A loans are generally documented to the requirements of Fannie Mae and Freddie Mac in that the borrower provides the same information on the loan application along with documentation to verify the accuracy of the information on the application such as income, assets, other liabilities, etc. Certain non-conforming stated income or stated asset products allow for less verification documentation than Fannie Mae or Freddie Mac require. Certain Alt-A products also allow for less verification documentation than Fannie Mae or Freddie Mac requires. For these Alt-A products, the borrower may not be required to verify employment income, assets required to close or both. For some other Alt-A products, the borrower is not required to provide any information regarding employment income, assets required to close or both. Alt-A products with less verification documentation generally have other

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	compensating factors such as higher credit score or lower loan-to-value requirements. * * * Generally, in order to determine if a borrower qualifies for an Alt-A loan, MortgageIT underwriting staff or contract underwriters provided by certain mortgage insurance companies manually underwrite and approve such loans; under certain limited circumstances, if other application safeguards are in place, a borrower's qualification for an Alt-A loan is determined utilizing automated underwriting systems. For manually underwritten loans, the underwriter must ensure that the borrower's income will support the total housing expense on an ongoing basis. Underwriters may give consideration to borrowers who have demonstrated an ability to carry a similar or greater housing expense for an extended period. * * * MortgageIT realizes that there may be some acceptable quality loans that fall outside published guidelines and encourages "common sense" underwriting. Because a multitude of factors are involved in a loan transaction, no set of guidelines can contemplate every potential situation. Therefore, exceptions to these underwriting guidelines are considered, so long as the borrower has other reasonable compensating factors, on a case-by-case basis. Prospectus Supplement at S-65: In addition to the monthly housing expense the [MortgageIT] underwriter must evaluate the borrower's ability to manage all recurring payments on all debts, including the monthly housing expense. When evaluating the ratio of all monthly debt payments to the borrower's monthly income (debt-to-income ratio), the underwriter should be aware of the degree and frequency of credit usage and its impact on the borrower's ability to repay the loan. Prospectus Supplement at S-66: The sponsor is responsible for pooling the mortgage loans to be securitized by the depositor, negotiating the principal securitization transaction documents and participating with the underwriter in the structuring of such transactions.

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NHEL 2007-1	Prospectus Supplement dated 02/23/07 at S-90: The sponsor serves in two roles in connection with its securitization program. The sponsor works with the underwriters and the rating agencies to select the pool of mortgage loans and structure the transaction. Prospectus Supplement at S-2 - S-4: The Group II Mortgage Loans have ... the following approximate characteristics as of the cut-off date: Range of original loan- to-value ratios(1): 11.91% to 100.00% Weighted average original loan-to-value ratio(1): 84.88% (1) As used in this prospectus supplement, the loan-to-value ratio for any second lien mortgage loan will mean the combined loan-to-value ratio. Prospectus Supplement at S-79: An appraisal is also required on all loans and in many cases a review appraisal or second appraisal may be required depending on the value of the property and the underwriter's comfort with the original valuation. All appraisals are required to conform to the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of the Appraisal Foundation and are generally on forms acceptable to Fannie Mae. The properties securing the mortgage loans are appraised by qualified independent appraisers who are generally approved by the related originator.

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	Prospectus Supplement at S-79: The underwriting guidelines of the sponsor are intended to evaluate the credit history of the potential borrower, the capacity and willingness of the borrower to repay the loan and the adequacy of the collateral securing the loan. Each loan applicant completes an application that includes information with respect to the applicant's income, liabilities and employment history. Prior to issuing an approval on the loan, the loan underwriter runs an independent credit report or pulls a reissue of the clients credit through an independent 3rd party vendor, which provides detailed information concerning the payment history of the borrower on all of their debts to verify that the information submitted by the broker is still accurate and up to date. Prospectus Supplement at S-79 – S-80: The underwriting guidelines include six levels of applicant documentation requirements, referred to as "Full Documentation," "Limited Documentation," "Stated Income," "No Documentation," "No Income/No Asset," "Streamline" and "Full Doc/12-Month Personal Bank Statement." Under the Full Documentation program applicants generally are required to submit verification of employment and most recent pay stub or up to prior two years W-2 forms and most recent pay stub. Under the Limited Documentation program, no such verification is required, however, bank statements for the most recent consecutive 6-month period are required to evidence cash flow. Under the Stated Income program, an applicant may be qualified based on monthly income as stated in the loan application. Under the "No Documentation" program, an applicant provides no information as it relates to their income. Under the "No Income/No Asset" program, the applicant's income and assets are not verified, however the applicant's employment is verified. Under the Streamline program, this is allowed only for our Retention division for borrowers that currently have a mortgage with the sponsor. The documentation required for this loan is based on previous documentation type. If a "Streamline loan's original documentation type was "Full Documentation," then a verification of the applicant's employment is the only requirement. Mortgage loans originated under any program other than the "Full Documentation" program require less documentation and verification than do traditional "Full Documentation"

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	programs. The Full Doc/12 Months Personal Bank Statement Program allows self-employed or fixed income borrowers to substitute most recent consecutive 12-months bank statements for wage earner's W-2 forms and recent pay stubs. Given that the sponsor primarily lends to non-conforming borrowers, it places great emphasis on the ability of collateral to protect against losses in the event of default by borrowers. * * * On a case-by-case basis, exceptions to the underwriting guidelines are made where the sponsor believes compensating factors exist. Compensating factors may consist of factors like length of time in residence, lowering of the borrower's monthly debt service payments, the loan-to-value ratio on the loan, as applicable, or other criteria that in the judgment of the loan underwriter warrant an exception. Prospectus Supplement at S-83: Close attention is paid to geographic diversification in managing credit risk. The sponsor believes one of the best tools for managing credit risk is to diversify the markets in which it originates and purchases mortgage loans. The sponsor has established a diversification policy to be followed in managing this credit risk which states that no one market can represent a percentage of total mortgage loans owned by the sponsor higher than twice that market's percentage of the total national market share. * * * Quality control reviews are conducted to ensure that all mortgage loans meet quality standards. The type and extent of the reviews depend on the production channel through which the mortgage loan was obtained and the characteristics of the mortgage loan. The sponsor reviews 8 to 10% of each month's production. The random audit selection criteria includes a proportional representation of loan type, loan product, loan purpose, FICO score, LTV, underwriting grade, state and broker.

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* * *

Credit scores for the borrowers are calculated by averaging all the available individual borrower and co-borrower credit scores.

Prospectus Supplement at S-82:

Underwriting Standards (continued)

	M1	M2	M3	M4	Alt-A (NINA)	Alt-A (NoDoc)	Alt-A (Full/Stated)	Piggybacks
Adverse Accounts	Not considered unless they effect title	Not considered unless they effect title	Not considered unless they effect title	Not considered unless they effect title	Not considered unless they effect title	Not considered unless they effect title	Not considered unless they effect title	Not considered unless they effect title
Debt-to-Income Ratio	50% (60% at lowered LTV)	50% (60% at lowered LTV)	50% (60% at lowered LTV)	55%	n/a	n/a	50%; 45% if 100% LTV	50%
Maximum Loan-to-Value Ratio	100% (600 score purchase and rate/term, 600 score cash out) or 97%/95% (580 score) or 90%	100% (600 purchase, 600 score rate/term and cash out score) or 97%/95% (580 score), 90% (520 score),or 70% (500 score)	85% (540 score)	75%	95%	90%	100% (min 660 score, Full Doc only); 95% with 660 score; 90% with 620 score	100% CLTV
Maximum Combined Loan-to-Value Ratio	100% (max 80% LTV) or 95%	100% (max 80% LTV) or 95%	100% (max 80% LTV) or 90%	85%	100% (NMI second loan only)	100% (NMI second loan only)	100% (NMI second loan only)	100%

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PHHAM 2007-2	Prospectus dated 05/19/2006 at 9: The depositor will select each Asset to include in a trust fund from among those it has purchased, either directly or indirectly, from a prior holder (an "Asset Seller"), which may be an affiliate of the depositor and which prior holder may or may not be the originator of that mortgage loan. As to each series of securities, the mortgage loans will be selected for inclusion in the mortgage pool based on rating agency criteria, compliance with representations and warranties, and conformity to criteria relating to the characterization of securities for tax, ERISA, SMMEA, Form S-3 eligibility and other legal purposes. Prospectus Supplement dated 04/25/07 at S-4 - S-5: Group I Mortgage Loans[:] ... Original Loan-to-Value Ratio [Range:] 5.56% - 100.00% [Weighted Average:] 76.06% Prospectus Supplement at S-72: In determining the adequacy of the property as collateral for a first lien mortgage loan, a Fannie Mae/Freddie Mac conforming appraisal of the property is performed by an independent appraiser selected by PHH Mortgage, except as noted in this prospectus supplement. The appraiser is required to inspect the property and verify that it is in good condition and that construction or renovation, if new, has been completed. The appraisal report indicates a value for the property and provides information concerning marketability, the neighborhood, the property site, interior and exterior improvements, and the condition of the property. In lieu of an appraisal, alternative collateral assessment products which comply with Fannie Mae/Freddie Mac criteria may be used.

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	Prospectus Supplement at S-71: PHH Mortgage's underwriting standards have been established based upon its knowledge of the primary and secondary residential mortgage markets. They are intended to originate investment-quality mortgage loans that are salable in the secondary mortgage market. They are applied in originating or purchasing loans for its own account, and in originating loans for, or purchasing loans from, other lenders under various "private-label" programs. The application of the underwriting standards represent a balancing of several factors that may affect the ultimate recovery of the loan amount, including but not limited to, the applicant's credit standing and ability to repay the loan, as well as the value and adequacy of the mortgaged property as collateral. PHH Mortgage may adapt its underwriting guidelines based upon the nature of a specific private-label relationship. Prospectus Supplement at S-72: From time to time, exceptions to PHH Mortgage's underwriting policies may be made. Such exceptions are made on a loan-by-loan basis only at the discretion of PHH Mortgage's underwriters and may be made only after careful consideration of certain compensating factors such as borrower capacity, liquidity, equity**,** employment and residential stability. PHH Mortgage's underwriting guidelines are applied to evaluate an applicant's credit standing, financial condition, and repayment ability, as well as the value and adequacy of the mortgaged property as collateral for any loan made. As part of the loan application process, the applicant is required to provide information concerning his or her assets, liabilities, income and expenses (except as described below), along with an authorization to obtain any necessary third party verifications, including a credit report summarizing the applicant's credit history….

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	* * * In determining the adequacy of the property as collateral for a first lien mortgage loan, a Fannie Mae/Freddie Mac conforming appraisal of the property is performed by an independent appraiser selected by PHH Mortgage, except as noted in this prospectus supplement. The appraiser is required to inspect the property and verify that it is in good condition and that construction or renovation, if new, has been completed. The appraisal report indicates a value for the property and provides information concerning marketability, the neighborhood, the property site, interior and exterior improvements, and the condition of the property. In lieu of an appraisal, alternative collateral assessment products which comply with Fannie Mae/Freddie Mac criteria may be used. Prospectus Supplement at S-73: Once sufficient employment, credit and property information is obtained, the decision as to whether to approve the loan is based upon the applicant's income and credit history, the status of title to the mortgaged property, and the appraised value of the mortgaged property. PHH Mortgage also reviews the level of an applicant's liquid assets as an indication of creditworthiness. Prospectus Supplement at S-74: [For Full Documentation Programs:] PHH Mortgage generally applies debt service-to-income ratios of up to 50% of the proposed borrower's acceptable stable monthly gross income. Under certain programs, however, PHH Mortgage makes loans where these ratios are up to 60%.

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RALI 2007-QO2	Prospectus Supplement dated 02/26/07 at I-4: The weighted average loan-to-value ratio at origination of the mortgage loans will be approximately 75.33%. Prospectus Supplement at S-50: The adequacy of the mortgaged property as security for repayment of the related mortgage loan generally is determined by an appraisal in accordance with appraisal procedure guidelines described in the Seller Guide. Appraisers may be staff appraisers employed by the originator. The appraisal procedure guidelines generally require the appraiser or an agent on its behalf to personally inspect the property and to verify whether the property is in good condition and that construction, if new, has been substantially completed. The appraiser is required to consider a market data analysis of recent sales of comparable properties and, when deemed applicable, an analysis based on income generated from the property, or replacement cost analysis based on the current cost of constructing or purchasing a similar property. In certain instances, the LTV ratio is based on the appraised value as indicated on a review appraisal conducted by the mortgage collateral seller or originator. Prospectus Supplement at S-50: Program Underwriting Standards. In accordance with the Seller Guide, the Expanded Criteria Program Seller is required to review an application designed to provide to the original lender pertinent credit information concerning the mortgagor. As part of the description of the mortgagor's financial condition, each mortgagor is required to furnish information, which may have been supplied solely in the application, regarding its assets, liabilities, income (except as described below), credit history and employment history, and to furnish an authorization to apply for a credit report which summarizes the borrower’s credit history with local merchants and lenders and any record of bankruptcy. The mortgagor may also be required to authorize verifications of deposits at financial institutions where the mortgagor had demand or savings accounts. In the case of non-owner occupied properties, income derived from the mortgaged property may be considered for underwriting purposes. For mortgaged

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	property consisting of a vacation or second home, generally no income derived from the property is considered for underwriting purposes. * * * Based on the data provided in the application and certain verifications, if required, a determination is made by the original lender that the mortgagor's monthly income, if required to be stated, will be sufficient to enable the mortgagor to meet its monthly obligations on the mortgage loan and other expenses related to the property, including property taxes, utility costs, standard hazard insurance and other fixed obligations. Generally, scheduled payments on a mortgage loan during the first year of its term plus taxes and insurance and all scheduled payments on obligations that extend beyond ten months, including those mentioned above and other fixed obligations, must equal no more than specified percentages of the prospective mortgagor's gross income. The originator may also consider the amount of liquid assets available to the mortgagor after origination. * * * Certain of the mortgage loans have been originated under "reduced documentation" or "no stated income" programs, which require less documentation and verification than do traditional "full documentation" programs. Generally, under a "reduced documentation" program, no verification of a mortgagor's stated income is undertaken by the originator. Under a "no stated income" program, certain borrowers with acceptable payment histories will not be required to provide any information regarding income and no other investigation regarding the borrower's income will be undertaken. Under a "no income/no asset" program, no verification of a mortgagor's income or assets is undertaken by the originator. The underwriting for those mortgage loans may be based primarily or entirely on an appraisal of the mortgaged property and the LTV ratio at origination. Prospectus Supplement at S-50 – S-51:

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	Prior to assigning the mortgage loans to the depositor, Residential Funding will have reviewed the underwriting information provided by the mortgage collateral sellers for the mortgage loans and, in those cases, determined that the mortgage loans were generally originated in accordance with or in a manner generally consistent with the underwriting standards described in the Seller Guide. With regard to a material portion of these mortgage loans, this review of underwriting information by Residential Funding was performed using an automated underwriting system. * * * All of the mortgage loans in the mortgage pool were originated in accordance with the underwriting criteria of Residential Funding described under "--The Program" in this prospectus supplement. Residential Funding will review each mortgage loan for compliance with its underwriting standards prior to purchase as described under "The Trusts--Underwriting Policies--Automated Underwriting" in the prospectus. * * * The applicable underwriting standards include a set of specific criteria by which the underwriting evaluation is made. However, the application of the underwriting standards does not imply that each specific criterion was satisfied individually. Rather, a mortgage loan will be considered to be originated in accordance with the underwriting standards described above if, based on an overall qualitative evaluation, the loan is in substantial compliance with the underwriting standards. For example, a mortgage loan may be considered to comply with the underwriting standards described above, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors positively compensated for the criteria that were not satisfied. Prospectus Supplement dated 02/26/07 at S-49:

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	Residential Funding, under its Expanded Criteria Program…purchases mortgage loans that may not qualify for other first mortgage purchase programs such as those run by Fannie Mae or Freddie Mac or by Residential Funding in connection with securities issued by the depositor's affiliate, Residential Funding Mortgage Securities I, Inc….Examples of mortgage loans that may not qualify for such programs include negative amortization loans, mortgage loans secured by non-owner occupied properties, mortgage loans made to borrowers whose income is not required to be provided or verified, mortgage loans with high LTV ratios or mortgage loans made to borrowers whose ratios of debt service on the mortgage loan to income and total debt service on borrowings to income are higher than for those other programs.
RAMP 2007-RS1	Prospectus Supplement dated 03/07/07 at Annex III-3:

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SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS
	The weighted average Loan-to-Value ratio at origination of the mortgage loans will be approximately 78.56%. Prospectus dated 12/04/06 at 21 - 22: *Appraisals* The adequacy at origination of a mortgaged property as security for repayment of the related loan will typically have been determined by an appraisal. Appraisers may be either staff appraisers employed by the originator or independent appraisers selected in accordance with guidelines established by or acceptable to the originator. The appraisal procedure guidelines in most cases will have required the appraiser or an agent on its behalf to personally inspect the property and to verify whether the property was in good condition and that construction, if new, had been substantially completed. The appraisal will have considered a market data analysis of recent sales of comparable properties and, when deemed applicable, an analysis based on income generated from the property or replacement cost analysis based on the current cost of constructing or purchasing a similar property. In certain instances, the LTV ratio or combined LTV ratio may have been based on the appraised value as indicated on a review appraisal conducted by the seller or originator. Prospectus Supplement at S-14: The mortgage loans include loans that: … • were made to borrowers who have debt-to-income ratios greater than approximately 50.00% (i.e., the amount of debt the borrower owes represents a large portion of his or her income), which constitute 4.6% of the mortgage pool by principal balance, and if a deterioration of any borrower's financial condition could make it difficult for that borrower to continue to make mortgage payments…. Prospectus Supplement at S-36:

EXHIBIT A

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS
	The mortgage loans were selected for inclusion in the mortgage pool from among mortgage loans purchased in connection with the "Negotiated Conduit Asset Program" or NCA Program described below based on the Sponsor's assessment of investor preferences and rating agency criteria. Prospectus Supplement at S-37: As of the cut-off date, none of the mortgage loans have been 30 or more days delinquent in the payment of principal and interest in the last 24 months. Prospectus Supplement at S-45: All of the mortgage loans in the mortgage pool were originated generally in accordance with the underwriting criteria of Residential Funding described under *"—The Negotiated Conduit Asset Program"* in this prospectus supplement. Residential Funding will review each mortgage loan for compliance with its underwriting standards prior to purchase as described under *"Trust Asset Program"* in the accompanying prospectus. The underwriting standards include a set of specific criteria by which the underwriting evaluation is made. However, the application of the underwriting standards does not imply that each specific criterion was satisfied individually. Rather, a mortgage loan will be considered to be originated in accordance with the underwriting standards described below if, based on an overall qualitative evaluation, the loan is in substantial compliance with the underwriting standards…. Prospectus dated 12/4/06 at 21 - 22:

EXHIBIT A

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DUE DILIGENCE AND UNDERWRITING STANDARDS
	The adequacy at origination of a mortgaged property as security for repayment of the related loan will typically have been determined by an appraisal. Appraisers may be either staff appraisers employed by the originator or independent appraisers selected in accordance with guidelines established by or acceptable to the originator. The appraisal procedure guidelines in most cases will have required the appraiser or an agent on its behalf to personally inspect the property and to verify whether the property was in good condition and that construction, if new, had been substantially completed. The appraisal will have considered a market data analysis of recent sales of comparable properties and, when deemed applicable, an analysis based on income generated from the property or replacement cost analysis based on the current cost of constructing or purchasing a similar property. In certain instances, the LTV ratio or combined LTV ratio may have been based on the appraised value as indicated on a review appraisal conducted by the seller or originator.

EXHIBIT B

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS
ACE 2007-ASAP1	Prospectus Supplement dated 03/15/07 at S-3: Weighted average original combined loan-to value ratio [of Group II Mortgage Loans]: 82.03% Prospectus Supplement at S-50: The weighted average combined loan-to-value ratio of the Group II Mortgage Loans at origination was approximately 82.03%. At origination, no Group II Mortgage Loan had a combined loan-to-value ratio greater than approximately 100.00% or less than approximately 17.53%. Prospectus Supplement at S-56: **Original Combined Loan-to-Value Ratios of the Group II Mortgage Loans** See table below.

Original Combined Loan-to-Value Ratio (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding as of the Cut-off Date	% of Aggregate Principal Balance Outstanding as of the Cut-off Date
Less than or equal to 50.00	42	$ 12,338,469	2.65%
50.01 - 55.00	11	5,183,779	1.12
55.01 - 60.00	25	6,200,182	1.33
60.01 - 65.00	35	12,778,578	2.75
65.01 - 70.00	38	10,133,582	2.18
70.01 - 75.00	45	16,667,075	3.59
75.01 - 80.00	973	259,363,193	55.80
80.01 - 85.00	72	18,492,819	3.98
85.01 - 90.00	114	27,672,228	5.95
90.01 - 95.00	86	18,805,119	4.05
95.01 - 100.00	737	77,135,242	16.60
Total:	2,178	$ 464,770,264	100.00%

EXHIBIT B

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS
	Prospectus Supplement at S-65: The Sponsor acquires mortgage loans secured by 1-4 unit residential properties made to eligible borrowers with a vested fee simple (or in some cases a leasehold) interest in the property. The Sponsor's guidelines are applied in accordance with a procedure which complies with applicable federal and state laws and regulations and generally require an appraisal of the mortgaged property which conforms to Freddie Mac and/or Fannie Mae standards and, if appropriate, a review appraisal. Generally, appraisals are provided by an approved list of appraisers maintained by the Sponsor. Additionally, review appraisals may only be provided by appraisers other than the original appraiser approved by the Sponsor. In some cases, the Sponsor relies on a statistical appraisal methodology provided by a third-party. Each review appraisal includes a market data analysis based on recent sales of comparable homes in the area and, where deemed appropriate, replacement cost analysis based on the current cost of constructing a similar home.

EXHIBIT B

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS</th></tr>
<tr><td>ACE 2007-ASAP2</td><td>Prospectus Supplement dated 05/23/07 at S-4:

Weighted average original combined loan-to value ratio [of Group II Mortgage Loans]: 80.53%

Prospectus Supplement at S-52:

The weighted average combined loan-to-value ratio of the Group II Mortgage Loans at origination was approximately 80.53%. At origination, no Group II Mortgage Loan had a combined loan-to-value ratio greater than approximately 100.00% or less than approximately 18.49%.

Prospectus Supplement at S-58:

Original Combined Loan-to-Value Ratios of the Group II Mortgage Loans

<table>
<tr><th>Original Combined Loan-to-Value Ratio (%)</th><th>Number of Mortgage Loans</th><th>Aggregate Principal Balance Outstanding as of the Cut-off Date</th><th>% of Aggregate Principal Balance Outstanding as of the Cut-off Date</th></tr>
<tr><td>Less than or equal to 50.00</td><td>36</td><td>$ 14,544,928</td><td>4.49%</td></tr>
<tr><td>50.01 - 55.00</td><td>7</td><td>5,451,084</td><td>1.68</td></tr>
<tr><td>55.01 - 60.00</td><td>17</td><td>8,939,910</td><td>2.76</td></tr>
<tr><td>60.01 - 65.00</td><td>24</td><td>11,500,379</td><td>3.55</td></tr>
<tr><td>65.01 - 70.00</td><td>31</td><td>13,953,108</td><td>4.31</td></tr>
<tr><td>70.01 - 75.00</td><td>43</td><td>21,019,906</td><td>6.50</td></tr>
<tr><td>75.01 - 80.00</td><td>444</td><td>144,000,258</td><td>44.50</td></tr>
<tr><td>80.01 - 85.00</td><td>35</td><td>9,650,962</td><td>2.98</td></tr>
<tr><td>85.01 - 90.00</td><td>72</td><td>20,904,674</td><td>6.46</td></tr>
<tr><td>90.01 - 95.00</td><td>102</td><td>27,061,879</td><td>8.36</td></tr>
<tr><td>95.01 - 100.00</td><td>445</td><td>46,571,491</td><td>14.39</td></tr>
<tr><td>Total:</td><td>1,256</td><td>$ 323,598,579</td><td>100.00%</td></tr>
</table>
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</table>

EXHIBIT B

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS
	Prospectus Supplement at S-65 - S-66: As of the Cut-off Date, each Subsequent Mortgage Loan that has been identified and is expected to be sold to the trust on the related Subsequent Transfer Date will have the characteristics set forth below. In addition, any Subsequent Mortgage Loan that has not been identified on the Cut-off Date, but is sold to the trust during the Pre-Funding Period, will also satisfy the following criteria: ... (g) Such Subsequent Mortgage Loan will not have a combined loan-to-value ratio greater than 80.00% * * * As of the Cut-off Date, the Subsequent Mortgage Loans, which have been identified and are expected to be sold to the trust on the related Subsequent Transfer Date, will have in the aggregate, the characteristics set forth below. In addition, if any Subsequent Mortgage Loans that have not been identified on the Cut-off Date are sold to the trust during the Pre-Funding Period, the Subsequent Mortgage Loans in the aggregate, including any such Subsequent Mortgage Loans not identified on the Cut-off Date, will also satisfy the following criteria: ... (g) Have a weighted average combined loan-to-value ratio of not more than approximately 100.00%; Prospectus Supplement at S-69 - S-70: The Sponsor acquires mortgage loans secured by one-to-four unit residential properties made to eligible borrowers with a vested fee simple (or in some cases a leasehold) interest in the property. The Sponsor's guidelines are applied in accordance with a procedure which complies with applicable federal and state laws and regulations and generally require an appraisal of the mortgaged property which conforms to Freddie Mac and/or Fannie Mae standards and, if appropriate, a review appraisal. Generally, appraisals are provided by an approved list of appraisers maintained by the Sponsor. Additionally, review appraisals may only be provided by appraisers other than the original appraiser approved by the Sponsor. In some

EXHIBIT B

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS
	cases, the Sponsor relies on a statistical appraisal methodology provided by a third-party. Each review appraisal includes a market data analysis based on recent sales of comparable homes in the area and, where deemed appropriate, replacement cost analysis based on the current cost of constructing a similar home.

EXHIBIT B

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS</th></tr>
<tr><td>ACE 2007-WM1</td><td>
Prospectus Supplement dated 01/26/07 at S-3:

Weighted average original combined loan-to value ratio [of Group II Mortgage Loans]: 82.66%

Prospectus Supplement at S-47:

The weighted average combined loan-to-value ratio of the Group II Mortgage Loans at origination was approximately 82.66%. At origination, no Group II Mortgage Loan had a combined loan-to-value ratio greater than approximately 100.00% or less than approximately 23.87%.

Prospectus Supplement at S-52:

Original Combined Loan-to-Value Ratios of the Group II Mortgage Loans

<table>
<tr><th>Original Combined Loan-to-Value Ratio (%)</th><th>Number of Mortgage Loans</th><th>Aggregate Principal Balance Outstanding as of the Cut-off Date</th><th>% of Aggregate Principal Balance Outstanding as of the Cut-off Date</th></tr>
<tr><td>Less than or equal to 50.00</td><td>29</td><td>$ 4,433,470</td><td>0.76%</td></tr>
<tr><td>50.01 – 55.00</td><td>14</td><td>3,974,196</td><td>0.68</td></tr>
<tr><td>55.01 – 60.00</td><td>12</td><td>2,136,879</td><td>0.37</td></tr>
<tr><td>60.01 – 65.00</td><td>19</td><td>5,577,268</td><td>0.96</td></tr>
<tr><td>65.01 – 70.00</td><td>33</td><td>9,432,455</td><td>1.62</td></tr>
<tr><td>70.01 – 75.00</td><td>43</td><td>12,817,349</td><td>2.20</td></tr>
<tr><td>75.01 – 80.00</td><td>1,413</td><td>398,578,861</td><td>68.29</td></tr>
<tr><td>80.01 – 85.00</td><td>71</td><td>19,477,068</td><td>3.34</td></tr>
<tr><td>85.01 – 90.00</td><td>112</td><td>27,567,945</td><td>4.72</td></tr>
<tr><td>90.01 – 95.00</td><td>139</td><td>28,715,921</td><td>4.92</td></tr>
<tr><td>95.01 – 100.00</td><td>985</td><td>70,985,964</td><td>12.16</td></tr>
<tr><td>Total:</td><td>2,870</td><td>$583,697,375</td><td>100.00%</td></tr>
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EXHIBIT B

SECURITIZATION	**FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS**
	Prospectus Supplement at S-59: The Underwriting Guidelines are applied in accordance with a procedure which complies with applicable federal and state laws and regulations and require, among other things, (1) an appraisal of the mortgaged property which conforms to Uniform Standards of Professional Appraisal Practice and (2) an audit of such appraisal by a WMC-approved appraiser or by WMC's in-house collateral auditors (who may be licensed appraisers) and such audit may in certain circumstances consist of a second appraisal, a field review, a desk review or an automated valuation model.

EXHIBIT B

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS</th></tr>
<tr><td>DBALT 2006-AR4</td><td>
Prospectus Supplement dated 09/28/06 at S-4:

Original Loan-to-Value Ratio [Range:] 6.13% - 95.00% [Weighted Average:] 75.99%

Prospectus Supplement at S-24:

At origination, the Initial Mortgage Loans had approximate loan-to-value ratios as described in the table below.
<table>
<tr><th>Approximate Loan-to-Value Ratio</th><th>Percentage of Initial Mortgage Loans by Principal Balance</th></tr>
<tr><td>Less than or equal to 80%</td><td>96.64%</td></tr>
<tr><td>Greater than 80%, but less than or equal to 95%</td><td>3.36%</td></tr>
</table>

Prospectus Supplement at S-29:

Original Loan-to-Value Ratios of the Initial Mortgage Loans
<table>
<tr><th>Original Loan-to-Value Ratio (%)</th><th>Number of Initial Mortgage Loans</th><th>Aggregate Principal Balance Outstanding as of the Initial Cut-Off Date</th><th>% of Aggregate Principal Balance Outstanding as of the Initial Cut-Off Date</th></tr>
<tr><td>Less than or equal to 50.00</td><td>90</td><td>$ 23,314,925</td><td>2.26%</td></tr>
<tr><td>50.01 - 55.00</td><td>25</td><td>7,175,351</td><td>0.70</td></tr>
<tr><td>55.01 - 60.00</td><td>59</td><td>23,203,856</td><td>2.25</td></tr>
<tr><td>60.01 - 65.00</td><td>103</td><td>46,611,370</td><td>4.53</td></tr>
<tr><td>65.01 - 70.00</td><td>425</td><td>125,054,412</td><td>12.14</td></tr>
<tr><td>70.01 - 75.00</td><td>218</td><td>106,896,758</td><td>10.38</td></tr>
<tr><td>75.01 - 80.00</td><td>1,957</td><td>662,979,111</td><td>64.38</td></tr>
<tr><td>80.01 - 85.00</td><td>16</td><td>3,760,289</td><td>0.37</td></tr>
<tr><td>85.01 - 90.00</td><td>74</td><td>19,641,352</td><td>1.91</td></tr>
<tr><td>90.01 - 95.00</td><td>49</td><td>11,207,955</td><td>1.09</td></tr>
<tr><td>Total:</td><td>3,016</td><td>$1,029,845,378</td><td>100.00%</td></tr>
</table>
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</table>

EXHIBIT B

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS
	Prospectus Supplement at S-38: Each Subsequent Mortgage Loan that is sold to the trust on a Subsequent Transfer Date will have the characteristics set forth below as of the applicable cut-off date: ... (e) Such Subsequent Mortgage Loan will not have a loan-to-value ratio greater than or equal to approximately 95.00%. * * * The Initial Mortgage Loans together with the Subsequent Mortgage Loans will have, in the aggregate, the characteristics set forth below as of the Initial Cut-off Date or as of the Subsequent Cut-Off Date, respectively: ... (f) Have a weighted average loan-to-value ratio of not more than approximately 77.00% Prospectus Supplement at S-41: Except with respect to the mortgage loans originated pursuant to its Streamlined Documentation Program, whose values were confirmed with a Fannie Mae proprietary automated valuation model, Countrywide Home Loans obtains appraisals from independent appraisers or appraisal services for properties that are to secure mortgage loans. The appraisers inspect and appraise the proposed mortgaged property and verify that the property is in acceptable condition. Following each appraisal, the appraiser prepares a report which includes a market data analysis based on recent sales of comparable homes in the area and, when deemed appropriate, a replacement cost analysis based on the current cost of constructing a similar home. All appraisals are required to conform to Fannie Mae or Freddie Mac appraisal standards then in effect.

EXHIBIT B

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS</th></tr>
<tr><td>DBALT 2006-AR6</td><td>
Prospectus Supplement dated 12/14/06 at S-4:

Original Loan-to-Value Ratio [Range:] 4.00% - 100.00% [Weighted Average:] 76.52%

Prospectus Supplement at S-24:

At origination, the Mortgage Loans had approximate loan-to-value ratios as described in the table below.

<table>
<tr><th>Approximate Loan-to-Value Ratio</th><th>Percentage of Mortgage Loans by Principal Balance</th></tr>
<tr><td>Less than or equal to 80%</td><td>95.90%</td></tr>
<tr><td>Greater than 80%, but less than or equal to 95%</td><td>2.90%</td></tr>
</table>

Prospectus Supplement at S-29:

Original Loan-to-Value Ratios of the Mortgage Loans
<table>
<tr><th>Original Loan-to-Value Ratio (%)</th><th>Number of Mortgage Loans</th><th>Aggregate Principal Balance Outstanding as of the Cut-Off Date</th><th>% of Aggregate Principal Balance Outstanding as of the Cut-Off Date</th></tr>
<tr><td>Less than or equal to 50.00</td><td>145</td><td>$ 44,601,998</td><td>2.53%</td></tr>
<tr><td>50.01 - 55.00</td><td>45</td><td>16,169,996</td><td>0.92</td></tr>
<tr><td>55.01 - 60.00</td><td>122</td><td>49,237,391</td><td>2.79</td></tr>
<tr><td>60.01 - 65.00</td><td>179</td><td>80,110,454</td><td>4.54</td></tr>
<tr><td>65.01 - 70.00</td><td>302</td><td>111,972,448</td><td>6.35</td></tr>
<tr><td>70.01 - 75.00</td><td>468</td><td>169,094,843</td><td>9.59</td></tr>
<tr><td>75.01 - 80.00</td><td>4,004</td><td>1,220,560,165</td><td>69.19</td></tr>
<tr><td>80.01 - 85.00</td><td>28</td><td>7,589,386</td><td>0.43</td></tr>
<tr><td>85.01 - 90.00</td><td>122</td><td>28,582,207</td><td>1.62</td></tr>
<tr><td>90.01 - 95.00</td><td>68</td><td>14,905,227</td><td>0.84</td></tr>
<tr><td>95.01 - 100.00</td><td>82</td><td>21,281,559</td><td>1.21</td></tr>
<tr><td>Total:</td><td>5,565</td><td>$1,764,105,675</td><td>100.00%</td></tr>
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EXHIBIT B

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS
	Prospectus Supplement at S-38 - S-39: Each Subsequent Mortgage Loan that is sold to the trust on a Subsequent Transfer Date will have the characteristics set forth below as of the applicable cut-off date: ... (e) Such Subsequent Mortgage Loan will not have a loan-to-value ratio greater than or equal to approximately 100.00%. * * * The Initial Mortgage Loans together with the Subsequent Mortgage Loans will have, in the aggregate, the characteristics set forth below as of the Initial Cut-off Date or as of the Subsequent Cut-Off Date: ... (f) Have a weighted average loan-to-value ratio of not more than approximately 77.00% Prospectus Supplement at S-40: Every MortgageIT mortgage loan is secured by a property that has been appraised by a licensed appraiser in accordance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation. The appraisers perform on site inspections of the property and report on the neighborhood and property condition in factual and specific terms. Loans in excess of one million dollars require (i) two full appraisals or (ii) one full appraisal and a field review, ordered by a MortgageIT-approved national appraiser, including photographs of the interior and the exterior of the subject property. Each appraisal contains an opinion of value that represents the appraiser's professional conclusion based on market data of sales of comparable properties, a logical analysis with adjustments for differences between the comparable sales and the subject property and the appraiser's judgment. In addition, a MortgageIT underwriter or a mortgage insurance company contract underwriter reviews each appraisal for accuracy and consistency.

EXHIBIT B

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS</th></tr>
<tr><td>DBALT 2007-1</td><td>
<u>Prospectus Supplement dated 06/29/07 at S-5 - S-6:</u>

Initial Group I Mortgage Loans[:] ...

Original Loan-to-Value Ratio [Range:] 10.64% - 100.00% [Weighted Average:] 73.73%

<u>Prospectus Supplement at S-41 - S-42:</u>

At origination, the Initial Mortgage Loans had approximate loan-to-value ratios as described in the tables below.

Initial Group I Mortgage Loans
<table>
<tr><th>Approximate Loan-to-Value Ratio</th><th>Percentage of Initial Group I Mortgage Loans by Principal Balance</th></tr>
<tr><td>Less than or equal to 80%</td><td>94.58%</td></tr>
<tr><td>Greater than 80%, but less than or equal to 95%</td><td>5.04%</td></tr>
</table>

<u>Prospectus Supplement at S-58:</u>
Original Loan-to-Value Ratios of the Initial Group I Mortgage Loans
<table>
<tr><th>Original Loan-to-Value Ratio (%)</th><th>Number of Mortgage Loans</th><th>Aggregate Principal Balance Outstanding as of the Cut-Off Date ($)</th><th>% of Aggregate Principal Balance of the Initial Group I Mortgage Loans Outstanding as of the Cut-Off Date</th></tr>
<tr><td>0.01 - 50.00</td><td>245</td><td>78,348,750</td><td>5.44%</td></tr>
<tr><td>50.01 - 55.00</td><td>80</td><td>33,731,212</td><td>2.34</td></tr>
<tr><td>55.01 - 60.00</td><td>149</td><td>64,266,387</td><td>4.46</td></tr>
<tr><td>60.01 - 65.00</td><td>221</td><td>108,843,772</td><td>7.56</td></tr>
<tr><td>65.01 - 70.00</td><td>311</td><td>149,917,823</td><td>10.41</td></tr>
<tr><td>70.01 - 75.00</td><td>380</td><td>156,778,345</td><td>10.88</td></tr>
<tr><td>75.01 - 80.00</td><td>2,098</td><td>770,462,725</td><td>53.49</td></tr>
<tr><td>80.01 - 85.00</td><td>32</td><td>8,455,319</td><td>0.59</td></tr>
<tr><td>85.01 - 90.00</td><td>188</td><td>42,442,230</td><td>2.95</td></tr>
<tr><td>90.01 - 95.00</td><td>96</td><td>21,662,437</td><td>1.50</td></tr>
<tr><td>95.01 - 100.00</td><td>21</td><td>5,505,988</td><td>0.38</td></tr>
<tr><td>Total:</td><td>3,821</td><td>1,440,414,987</td><td>100.00%</td></tr>
</table>
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</table>

EXHIBIT B

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS
	Prospectus Supplement at S-78 - S-79: Each Subsequent Mortgage Loan that is sold to the trust on a Subsequent Transfer Date will have the characteristics set forth below as of the related Subsequent Cut-Off Date: ... 5. Such Subsequent Mortgage Loan will not have a loan-to-value ratio greater than approximately 100.00%. * * * The Initial Mortgage Loans together with the Subsequent Mortgage Loans will have, in the aggregate, the characteristics set forth below as of the Subsequent Cut-Off Date: ... 6. Have a weighted average loan-to-value ratio of not more than approximately 80% Prospectus Supplement at S-82: Except with respect to the mortgage loans originated pursuant to its Streamlined Documentation Program, whose values were confirmed with a Fannie Mae proprietary automated valuation model, Countrywide Home Loans obtains appraisals from independent appraisers or appraisal services for properties that are to secure mortgage loans. The appraisers inspect and appraise the proposed mortgaged property and verify that the property is in acceptable condition. Following each appraisal, the appraiser prepares a report which includes a market data analysis based on recent sales of comparable homes in the area and, when deemed appropriate, a replacement cost analysis based on the current cost of constructing a similar home. All appraisals are required to conform to Fannie Mae or Freddie Mac appraisal standards then in effect.

EXHIBIT B

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS</th></tr>
<tr><td>DBALT 2007-AR1</td><td>
Prospectus Supplement dated 01/29/07 at S-4:

Original Loan-to-Value Ratio [Range:] 20.00% - 100.00% [Weighted Average:] 75.65%

Prospectus Supplement at S-27:

At origination, the Mortgage Loans had approximate loan-to-value ratios as described in the table below.

<table>
<tr><th>Approximate Loan-to-Value Ratio</th><th>Percentage of Mortgage Loans by Principal Balance</th></tr>
<tr><td>Less than or equal to 80%</td><td>99.25%</td></tr>
<tr><td>Greater than 80%, but less than or equal to 95%</td><td>0.49%</td></tr>
</table>

Prospectus Supplement at S-32:

Original Loan-to-Value Ratios of the Mortgage Loans
<table>
<tr><th>Original Loan-to-Value Ratio (%)</th><th>Number of Mortgage Loans</th><th>Aggregate Principal Balance Outstanding as of the Cut-Off Date</th><th>% of Aggregate Principal Balance Outstanding as of the Cut-Off Date</th></tr>
<tr><td>Less than or equal to 50.00</td><td>45</td><td>$ 12,409,986</td><td>1.60%</td></tr>
<tr><td>50.01 - 55.00</td><td>23</td><td>8,725,057</td><td>1.12</td></tr>
<tr><td>55.01 - 60.00</td><td>46</td><td>20,817,419</td><td>2.68</td></tr>
<tr><td>60.01 - 65.00</td><td>73</td><td>34,269,622</td><td>4.41</td></tr>
<tr><td>65.01 - 70.00</td><td>427</td><td>117,302,612</td><td>15.11</td></tr>
<tr><td>70.01 - 75.00</td><td>185</td><td>61,175,013</td><td>7.88</td></tr>
<tr><td>75.01 - 80.00</td><td>1,719</td><td>515,803,239</td><td>66.44</td></tr>
<tr><td>80.01 - 85.00</td><td>5</td><td>1,089,015</td><td>0.14</td></tr>
<tr><td>85.01 - 90.00</td><td>6</td><td>1,296,660</td><td>0.17</td></tr>
<tr><td>90.01 - 95.00</td><td>10</td><td>1,395,412</td><td>0.18</td></tr>
<tr><td>95.01 - 100.00</td><td>8</td><td>2,006,303</td><td>0.26</td></tr>
<tr><td>Total:</td><td>2,547</td><td>$776,290,337</td><td>100.00%</td></tr>
</table>
</td></tr>
</table>

EXHIBIT B

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS
	Prospectus Supplement at S-40: Each Subsequent Mortgage Loan that is sold to the trust on a Subsequent Transfer Date will have the characteristics set forth below as of the related Subsequent Cut-Off Date: ... (e) Such Subsequent Mortgage Loan will not have a loan-to-value ratio greater than or equal to approximately 100.00%. * * * The Initial Mortgage Loans together with the Subsequent Mortgage Loans will have, in the aggregate, the characteristics set forth below as of the Subsequent Cut-Off Date: ... (f) Have a weighted average loan-to-value ratio of not more than approximately 76.00% Prospectus Supplement at S-41 - S-42: [MortgageIT, Inc.:] Every MortgageIT mortgage loan is secured by a property that has been appraised by a licensed appraiser in accordance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation. The appraisers perform on site inspections of the property and report on the neighborhood and property condition in factual and specific terms. Loans in excess of one million dollars require (i) two full appraisals or (ii) one full appraisal and a field review, ordered by a MortgageIT-approved national appraiser, including photographs of the interior and the exterior of the subject property. Each appraisal contains an opinion of value that represents the appraiser's professional conclusion based on market data of sales of comparable properties, a logical analysis with adjustments for differences between the comparable sales and the subject property and the appraiser's judgment. In addition, a MortgageIT underwriter or a mortgage insurance company contract underwriter reviews each appraisal for accuracy and consistency.

EXHIBIT B

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS
	Prospectus Supplement at S-45 - S-46: [Indymac Bank, F.S.B.:] To determine the adequacy of the property to be used as collateral, an appraisal is generally made of the subject property in accordance with the Uniform Standards of Profession Appraisal Practice. The appraiser generally inspects the property, analyzes data including the sales prices of comparable properties and issues an opinion of value using a Fannie Mae/Freddie Mac appraisal report form, or other acceptable form. In some cases, an automated valuation model (AVM) may be used in lieu of an appraisal. AVMs are computer programs that use real estate information, such as demographics, property characteristics, sales prices, and price trends to calculate a value for the specific property. The value of the property, as indicated by the appraisal or AVM, must support the loan amount. Prospectus Supplement at S-48 - S-49: [American Home Mortgage Corp.:] Every mortgage loan is secured by a property that has been appraised by a licensed appraiser in accordance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation. The appraisers perform on-site inspections of the property and report on the neighborhood and property condition in factual and specific terms. Each appraisal contains an opinion of value that represents the appraiser's professional conclusion based on market data of sales of comparable properties and a logical analysis with adjustments for differences between the comparable sales and the subject property and the appraiser's judgment. In addition, each appraisal is reviewed for accuracy and consistency by American Home's vendor management company or an underwriter of American Home or a mortgage insurance company contract underwriter.

EXHIBIT B

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS</th></tr>
<tr><td>DBALT 2007-AR2</td><td>
<u>Prospectus Supplement dated 02/26/07 at S-4:</u>

Original Loan-to-Value Ratio [Range:] 7.88% - 100.00% [Weighted Average:] 75.95%

<u>Prospectus Supplement at S-25:</u>

At origination, the Mortgage Loans had approximate loan-to-value ratios as described in the table below.

<table>
<tr><th>Approximate Loan-to-Value Ratio</th><th>Percentage of Mortgage Loans by Principal Balance</th></tr>
<tr><td>Less than or equal to 80%</td><td>97.84%</td></tr>
<tr><td>Greater than 80%, but less than or equal to 100%</td><td>2.16%</td></tr>
</table>

<u>Prospectus Supplement at S-30:</u>

Original Loan-to-Value Ratios of the Mortgage Loans

<table>
<tr><th>Original Loan-to-Value Ratio (%)</th><th>Number of Mortgage Loans</th><th>Aggregate Principal Balance Outstanding as of the Cut-Off Date</th><th>% of Aggregate Principal Balance Outstanding as of the Cut-Off Date</th></tr>
<tr><td>Less than or equal to 50.00</td><td>48</td><td>$ 11,962,211</td><td>1.33%</td></tr>
<tr><td>50.01 - 55.00</td><td>31</td><td>9,587,027</td><td>1.06</td></tr>
<tr><td>55.01 - 60.00</td><td>52</td><td>18,758,864</td><td>2.08</td></tr>
<tr><td>60.01 - 65.00</td><td>90</td><td>35,673,712</td><td>3.96</td></tr>
<tr><td>65.01 - 70.00</td><td>473</td><td>134,140,030</td><td>14.89</td></tr>
<tr><td>70.01 - 75.00</td><td>301</td><td>106,505,217</td><td>11.82</td></tr>
<tr><td>75.01 - 80.00</td><td>1,813</td><td>564,837,187</td><td>62.69</td></tr>
<tr><td>80.01 - 85.00</td><td>21</td><td>4,375,594</td><td>0.49</td></tr>
<tr><td>85.01 - 90.00</td><td>20</td><td>4,681,279</td><td>0.52</td></tr>
<tr><td>90.01 - 95.00</td><td>15</td><td>3,493,543</td><td>0.39</td></tr>
<tr><td>95.01 - 100.00</td><td>30</td><td>6,943,743</td><td>0.77</td></tr>
<tr><td>Total:</td><td>2,894</td><td>$900,958,406</td><td>100.00%</td></tr>
</table>
</td></tr>
</table>

EXHIBIT B

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS
	Prospectus Supplement at S-38: Each Subsequent Mortgage Loan that is sold to the trust on a Subsequent Transfer Date will have the characteristics set forth below as of the related Subsequent Cut-Off Date: ... (e) Such Subsequent Mortgage Loan will not have a loan-to-value ratio greater than or equal to approximately 100.00% * * * The Initial Mortgage Loans together with the Subsequent Mortgage Loans will have, in the aggregate, the characteristics set forth below as of the Subsequent Cut-Off Date: ... (f) Have a weighted average loan-to-value ratio of not more than approximately 75.95% Prospectus Supplement at S-41: [American Home Mortgage Corp:] Every mortgage loan is secured by a property that has been appraised by a licensed appraiser in accordance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation. The appraisers perform on-site inspections of the property and report on the neighborhood and property condition in factual and specific terms. Each appraisal contains an opinion of value that represents the appraiser's professional conclusion based on market data of sales of comparable properties and a logical analysis with adjustments for differences between the comparable sales and the subject property and the appraiser's judgment. In addition, each appraisal is reviewed for accuracy and consistency by American Home's vendor management company or an underwriter of American Home or a mortgage insurance company contract underwriter.

EXHIBIT B

SECURITIZATION	**FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS**
	Prospectus Supplement at S-42: [MortgageIT, Inc.:] Every MortgageIT mortgage loan is secured by a property that has been appraised by a licensed appraiser in accordance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation. The appraisers perform on site inspections of the property and report on the neighborhood and property condition in factual and specific terms. Loans in excess of one million dollars require (i) two full appraisals or (ii) one full appraisal and a field review, ordered by a MortgageIT-approved national appraiser, including photographs of the interior and the exterior of the subject property. Each appraisal contains an opinion of value that represents the appraiser's professional conclusion based on market data of sales of comparable properties, a logical analysis with adjustments for differences between the comparable sales and the subject property and the appraiser's judgment. In addition, a MortgageIT underwriter or a mortgage insurance company contract underwriter reviews each appraisal for accuracy and consistency.

EXHIBIT B

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS</th></tr>
<tr><td>DBALT 2007-BAR1</td><td>
Prospectus Supplement dated 02/26/07 at S-4

Original Loan-to-Value Ratio [Range:] 11.31% - 100.00% [Weighted Average:] 74.96%

Prospectus Supplement at S-26:

At origination, the Mortgage Loans had approximate loan-to-value ratios as described in the table below.
<table>
<tr><th>Approximate Loan-to-Value Ratio</th><th>Percentage of Mortgage Loans by Principal Balance</th></tr>
<tr><td>Less than or equal to 80%</td><td>96.04%</td></tr>
<tr><td>Greater than 80%, but less than or equal to 95%</td><td>3.68%</td></tr>
</table>

Prospectus Supplement at S-31:

Original Loan-to-Value Ratios of the Mortgage Loans
<table>
<tr><th>Original Loan-to-Value Ratio (%)</th><th>Number of Mortgage Loans</th><th>Aggregate Principal Balance Outstanding as of the Cut-Off Date</th><th>% of Aggregate Principal Balance Outstanding as of the Cut-Off Date</th></tr>
<tr><td>0.01 - 50.00</td><td>159</td><td>$ 34,289,812</td><td>4.46%</td></tr>
<tr><td>50.01 - 55.00</td><td>41</td><td>10,305,375</td><td>1.34</td></tr>
<tr><td>55.01 - 60.00</td><td>69</td><td>20,080,888</td><td>2.61</td></tr>
<tr><td>60.01 - 65.00</td><td>143</td><td>58,037,037</td><td>7.56</td></tr>
<tr><td>65.01 - 70.00</td><td>198</td><td>58,785,275</td><td>7.65</td></tr>
<tr><td>70.01 - 75.00</td><td>284</td><td>88,221,687</td><td>11.49</td></tr>
<tr><td>75.01 - 80.00</td><td>1,864</td><td>467,877,620</td><td>60.92</td></tr>
<tr><td>80.01 - 85.00</td><td>22</td><td>3,769,939</td><td>0.49</td></tr>
<tr><td>85.01 - 90.00</td><td>58</td><td>12,755,066</td><td>1.66</td></tr>
<tr><td>90.01 - 95.00</td><td>59</td><td>11,766,651</td><td>1.53</td></tr>
<tr><td>95.01 - 100.00</td><td>13</td><td>2,097,280</td><td>0.27</td></tr>
<tr><td>Total:</td><td>2,910</td><td>$767,986,631</td><td>100.00%</td></tr>
</table>
</td></tr>
</table>

EXHIBIT B

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS
	Prospectus Supplement at S-39: The adequacy of the mortgaged property as security for repayment of the related mortgage loan will generally have been determined by an appraisal in accordance with pre-established appraisal procedure guidelines for appraisals established by or acceptable to the originator. All appraisals conform to the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of the Appraisal Foundation and must be on forms acceptable to Fannie Mae and/or Freddie Mac. Appraisers may be staff appraisers employed by the originator or independent appraisers selected in accordance with pre-established appraisal procedure guidelines established by the originator. The appraisal procedure guidelines generally will have required the appraiser or an agent on its behalf to personally inspect the property and to verify whether the property was in good condition and that construction, if new, had been substantially completed. The appraisal generally will have been based upon a market data analysis of recent sales of comparable properties and, when deemed applicable, an analysis based on income generated from the property or a replacement cost analysis based on the current cost of constructing or purchasing a similar property.

EXHIBIT B

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS</th></tr>
<tr><td>DBALT 2007-OA1</td><td>
Prospectus Supplement dated 02/28/07 at 6 of 221:

Original Loan-to-Value Ratio [Range:] 19.86% - 95.00% [Weighted Average:] 75.06%

Prospectus Supplement at 24 of 221:

At origination, the Mortgage Loans had approximate loan-to-value ratios as described in the table below.

<table>
<tr><th>Approximate Loan-to-Value Ratio</th><th>Percentage of Mortgage Loans by Principal Balance</th></tr>
<tr><td>Less than or equal to 80%</td><td>87.75%</td></tr>
<tr><td>Greater than 80%, but less than or equal to 95%</td><td>12.25%</td></tr>
</table>

Prospectus Supplement at 27 - 28 of 221:

Original Loan-to-Value Ratios of the Mortgage Loans
<table>
<tr><th>Original Loan-to-Value Ratio (%)</th><th>Number of Mortgage Loans</th><th>Aggregate Principal Balance Outstanding as of the Cut-Off Date</th><th>% of Aggregate Principal Balance Outstanding as of the Cut-Off Date</th></tr>
<tr><td>0.01 - 50.00</td><td>51</td><td>$ 15,944,895</td><td>3.63%</td></tr>
<tr><td>50.01 - 55.00</td><td>27</td><td>10,411,756</td><td>2.37</td></tr>
<tr><td>55.01 - 60.00</td><td>43</td><td>14,339,828</td><td>3.26</td></tr>
<tr><td>60.01 - 65.00</td><td>47</td><td>23,772,575</td><td>5.41</td></tr>
<tr><td>65.01 - 70.00</td><td>152</td><td>63,401,091</td><td>14.43</td></tr>
<tr><td>70.01 - 75.00</td><td>143</td><td>66,714,750</td><td>15.18</td></tr>
<tr><td>75.01 - 80.00</td><td>508</td><td>191,006,851</td><td>43.47</td></tr>
<tr><td>80.01 - 85.00</td><td>10</td><td>2,525,871</td><td>0.57</td></tr>
<tr><td>85.01 - 90.00</td><td>148</td><td>41,418,014</td><td>9.43</td></tr>
<tr><td>90.01 - 95.00</td><td>35</td><td>9,877,126</td><td>2.25</td></tr>
<tr><td>Total:</td><td>1,164</td><td>$439,412,760</td><td>100.00%</td></tr>
</table>
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</table>

EXHIBIT B

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS
	Prospectus Supplement at 35 of 221: [Residential Funding Company, LLC:] ***Appraisals.*** The underwriting standards applied by an originator typically require that the underwriting officers of the originator be satisfied that the value of the property being financed, as indicated by an appraisal or other acceptable valuation method as described below, currently supports and is anticipated to support in the future the outstanding loan balance ... The adequacy of the mortgaged property as security for repayment of the related Mortgage Loan generally is determined by an appraisal in accordance with appraisal procedure guidelines described in the Seller Guide. Appraisers may be staff appraisers employed by the originator. The appraisal procedure guidelines generally require the appraiser or an agent on its behalf to personally inspect the property and to verify whether the property is in good condition and that construction, if new, has been substantially completed. The appraiser is required to consider a market data analysis of recent sales of comparable properties and, when deemed applicable, an analysis based on income generated from the property, or replacement cost analysis based on the current cost of constructing or purchasing a similar property. In certain instances, the LTV ratio is based on the appraised value as indicated on a review appraisal conducted by the mortgage collateral seller or originator.

EXHIBIT B

SECURITIZATION	**FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS**
	Prospectus Supplement at 40 of 221: [Countrywide Home Loans, Inc.:] ... Countrywide Home Loans obtains appraisals from independent appraisers or appraisal services for properties that are to secure mortgage loans. The appraisers inspect and appraise the proposed mortgaged property and verify that the property is in acceptable condition. Following each appraisal, the appraiser prepares a report which includes a market data analysis based on recent sales of comparable homes in the area and, when deemed appropriate, a replacement cost analysis based on the current cost of constructing a similar home. All appraisals are required to conform to Fannie Mae or Freddie Mac appraisal standards then in effect.

EXHIBIT B

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS</th></tr>
<tr><td>DBALT 2007-OA2</td><td>
Prospectus Supplement dated 03/30/07 at S-4:

Original Loan-to-Value Ratio [Range:] 9.76% - 95.00% [Weighted Average:] 73.14%

Prospectus Supplement at S-29:

At origination, the Mortgage Loans had approximate loan-to-value ratios as described in the table below.
<table>
<tr><th>Approximate Loan-to-Value Ratio</th><th>Percentage of Mortgage Loans by Principal Balance</th></tr>
<tr><td>Less than or equal to 80%</td><td>98.93%</td></tr>
<tr><td>Greater than 80%, but less than or equal to 95%</td><td>1.07%</td></tr>
</table>

Prospectus Supplement at S-33:

Original Loan-to-Value Ratios of the Mortgage Loans
<table>
<tr><th>Original Loan-to-Value Ratio (%)</th><th>Number of Mortgage Loans</th><th>Aggregate Principal Balance Outstanding as of the Cut-Off Date</th><th>% of Aggregate Principal Balance Outstanding as of the Cut-Off Date</th></tr>
<tr><td>0.01 - 50.00</td><td>72</td><td>$ 21,862,370</td><td>4.88%</td></tr>
<tr><td>50.01 - 55.00</td><td>28</td><td>11,903,896</td><td>2.66</td></tr>
<tr><td>55.01 - 60.00</td><td>46</td><td>16,299,130</td><td>3.64</td></tr>
<tr><td>60.01 - 65.00</td><td>71</td><td>27,272,108</td><td>6.09</td></tr>
<tr><td>65.01 - 70.00</td><td>143</td><td>51,139,576</td><td>11.42</td></tr>
<tr><td>70.01 - 75.00</td><td>204</td><td>75,905,860</td><td>16.95</td></tr>
<tr><td>75.01 - 80.00</td><td>659</td><td>238,557,285</td><td>53.28</td></tr>
<tr><td>80.01 - 85.00</td><td>6</td><td>1,373,760</td><td>0.31</td></tr>
<tr><td>85.01 - 90.00</td><td>5</td><td>1,857,583</td><td>0.41</td></tr>
<tr><td>90.01 - 95.00</td><td>5</td><td>1,565,378</td><td>0.35</td></tr>
<tr><td>Total:</td><td>1,239</td><td>$447,736,947</td><td>100.00%</td></tr>
</table>
</td></tr>
</table>

EXHIBIT B

SECURITIZATION	**FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS**
	Prospectus Supplement at S-44: [IndyMac Bank, F.S.B.:] To determine the adequacy of the property to be used as collateral, an appraisal is generally made of the subject property in accordance with the Uniform Standards of Profession Appraisal Practice. The appraiser generally inspects the property, analyzes data including the sales prices of comparable properties and issues an opinion of value using a Fannie Mae/Freddie Mac appraisal report form, or other acceptable form. In some cases, an automated valuation model (AVM) may be used in lieu of an appraisal. AVMs are computer programs that use real estate information, such as demographics, property characteristics, sales prices, and price trends to calculate a value for the specific property. The value of the property, as indicated by the appraisal or AVM, must support the loan amount. Prospectus Supplement at S-45 - S-46: [Impac Funding Corporation:] *Appraisals*. Impac Funding does not publish an approved appraiser list for the conduit seller. Each conduit seller maintains its own list of appraisers, provided that each appraiser must: • be a state licensed or certified appraiser; • meet the independent appraiser requirements for staff appraisers, or, if appropriate, be on a list of appraisers specified by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the FDIC and the Office of Thrift Supervision under their respective real estate appraisal regulations adopted in accordance with Title XI of the Financial Institutions Reform Recovery and Enforcement Act of 1989, regardless of whether the seller is subject to those regulations; • be experienced in the appraisal of properties similar to the type being appraised;

EXHIBIT B

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS
	• be actively engaged in appraisal work; and • subscribe to a code of ethics that is at least as strict as the code of the American Institute of Real Estate Appraisers or the Society of Real Estate Appraisers.

EXHIBIT B

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS</th></tr>
<tr><td>DBALT 2007-OA4</td><td>
Prospectus Supplement dated 06/29/07 at S-4 - S-5:

Group I Mortgage Loans[:] ...

Original Loan-to-Value Ratio [Range:] 18.31% - 100.00% [Weighted Average:] 74.42%

* * *

Group III Mortgage Loans[:] ...

Original Loan-to-Value Ratio [Range:] 14.20% - 95.00% [Weighted Average:] 76.10%

Prospectus Supplement at S-37 - S-38:

At origination, the Mortgage Loans had approximate loan-to-value ratios as described in the table below.

Group I Mortgage Loans
<table>
<tr><th>Approximate Loan-to-Value Ratio</th><th>Percentage of Group I Mortgage Loans by Principal Balance</th></tr>
<tr><td>Less than or equal to 80%</td><td>94.23%</td></tr>
<tr><td>Greater than 80%, but less than or equal to 95%</td><td>5.77%</td></tr>
</table>
</td></tr>
</table>

EXHIBIT B

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS

Group III Mortgage Loans

Approximate Loan-to-Value Ratio	Percentage of Group III Mortgage Loans by Principal Balance
Less than or equal to 80%	87.29%
Greater than 80%, but less than or equal to 95%	12.71%

Prospectus Supplement at S-54:

Original Loan-to-Value Ratios of the Group I Mortgage Loans

Original Loan-to-Value Ratio (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding as of the Cut-Off Date ($)	% of Aggregate Principal Balance of the Group I Mortgage Loans Outstanding as of the Cut-Off Date
0.01 - 50.00	94	54,329,496	3.27%
50.01 - 55.00	45	28,002,044	1.68
55.01 - 60.00	84	60,480,805	3.64
60.01 - 65.00	131	85,453,947	5.14
65.01 - 70.00	322	245,069,849	14.74
70.01 - 75.00	437	260,408,566	15.66
75.01 - 80.00	1,736	832,981,903	50.10
80.01 - 85.00	28	10,609,460	0.64
85.01 - 90.00	165	54,983,022	3.31
90.01 - 95.00	99	29,966,321	1.80
95.01 - 100.00	1	297,853	0.02
Total:	**3,142**	**1,662,583,267**	**100.00%**

EXHIBIT B

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS

Prospectus Supplement at S-71:

Original Loan-to-Value Ratios of the Group III Mortgage Loans

Original Loan-to-Value Ratio (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding as of the Cut-Off Date ($)	% of Aggregate Principal Balance of the Group III Mortgage Loans Outstanding as of the Cut-Off Date
0.01 - 50.00	33	7,755,986	2.87%
50.01 - 55.00	19	4,960,636	1.84
55.01 - 60.00	24	6,755,349	2.50
60.01 - 65.00	41	10,342,470	3.83
65.01 - 70.00	125	33,617,974	12.46
70.01 - 75.00	124	34,297,269	12.71
75.01 - 80.00	507	137,845,386	51.08
80.01 - 85.00	17	5,355,492	1.98
85.01 - 90.00	108	26,022,077	9.64
90.01 - 95.00	11	2,909,355	1.08
Total:	**1,009**	**269,861,995**	**100.00%**

Prospectus Supplement at S-84:

[Countrywide Home Loans, Inc.:]

... Countrywide Home Loans obtains appraisals from independent appraisers or appraisal services for properties that are to secure mortgage loans. The appraisers inspect and appraise the proposed mortgaged property and verify that the property is in acceptable condition. Following each appraisal, the appraiser prepares a report which includes a market data analysis based on recent sales of comparable homes in the area and, when deemed appropriate, a replacement cost analysis based on the current cost of constructing a similar home. All appraisals are required to conform to Fannie Mae or Freddie Mac appraisal standards then in effect.

EXHIBIT B

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS</th></tr>
<tr><td>DMSI 2006-PR1</td><td>
Private Placement Memorandum dated 11/30/06 at S-78:

All of the Mortgage Loans were originated by Doral Financial Corporation or its subsidiaries, referred to herein as Doral. All of the Mortgage Loans have been originated generally in accordance with credit, appraisal and underwriting standards acceptance to Doral, at the time of origination, which are referred to herein as the “Doral Underwriting Guidelines”.

Private Placement Memorandum at S-16:

The Group 5 Mortgage Loans will consist of primarily 30-year fixed-rate mortgage loans. As of the Cut-Off Date, the Group 5 Mortgage Loans in the aggregate will have the following approximate characteristics:…

<table>
<tr><th></th><th>Range or Total</th><th>Weighted Average</th></tr>
<tr><td>Original Loan-to-Value Ratio</td><td>5.25% - 100.00%</td><td>77.46%</td></tr>
</table>

Private Placement Memorandum at S-75:

Original Loan-to-Value Ratios of the Group 5 Mortgage Loans
<table>
<tr><th>Original Loan-to-Value Ratio (%)</th><th>Number of Mortgage Loans</th><th>Aggregate Principal Balance Outstanding as of the Cut-Off Date</th><th>% of Aggregate Principal Balance Outstanding as of the Cut-Off Date</th></tr>
<tr><td>0.01 - 50.00</td><td>487</td><td>$ 35,036,314</td><td>3.50%</td></tr>
<tr><td>50.01 - 55.00</td><td>217</td><td>19,565,794</td><td>1.95</td></tr>
<tr><td>55.01 - 60.00</td><td>295</td><td>28,560,069</td><td>2.85</td></tr>
<tr><td>60.01 - 65.00</td><td>396</td><td>39,601,759</td><td>3.96</td></tr>
<tr><td>65.01 - 70.00</td><td>550</td><td>54,531,749</td><td>5.45</td></tr>
<tr><td>70.01 - 75.00</td><td>758</td><td>77,767,192</td><td>7.77</td></tr>
<tr><td>75.01 - 80.00</td><td>4,235</td><td>476,702,615</td><td>47.63</td></tr>
<tr><td>80.01 - 85.00</td><td>1,173</td><td>128,636,851</td><td>12.85</td></tr>
<tr><td>85.01 - 90.00</td><td>458</td><td>59,709,942</td><td>5.97</td></tr>
<tr><td>90.01 - 95.00</td><td>574</td><td>76,812,365</td><td>7.67</td></tr>
<tr><td>95.01 - 100.00</td><td>30</td><td>4,015,009</td><td>0.40</td></tr>
<tr><td>Total:</td><td>9,173</td><td>$ 1,000,939,660</td><td>100.00%</td></tr>
</table>
</td></tr>
</table>

EXHIBIT B

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS
INDX 2006-AR27	Prospectus Supplement dated 08/29/06 at S-27: The weighted average loan-to-value ratios of such group 1 mortgage loans and group 2 mortgage loans are approximately 75.41% and 71.27%, respectively, and the weighted average combined loan-to-value ratios (including the second lien) are approximately 86.54% and 77.97%, respectively. Prospectus Supplement at S-37: At origination, all of the Mortgage Loans had a Loan-to-Value Ratio of 95% or less. Prospectus Supplement at S-40: **Original Loan-to-Value Ratios for the Group 1 Mortgage Loans(1)** Original Loan-To-Value Ratios (%) / Number of Group 1 Mortgage Loans / Aggregate Principal Balance Outstanding / Percent of Aggregate Principal Balance Outstanding / Average Current Principal Balance / Weighted Average Mortgage Rate / Weighted Average FICO Credit Score / Weighted Average Loan-to-Value Ratio 0.01 - 10.00 / 1 / $ 100,100.00 / 0.02% / $ 100,100.00 / 5.250% / 738 / 9.67% 10.01 – 20.00 / 3 / 359,485.88 / 0.07 / 119,828.63 / 6.375 / 739 / 17.75 20.01 – 30.00 / 14 / 2,628,151.28 / 0.48 / 187,725.09 / 6.402 / 742 / 25.69 30.01 – 40.00 / 26 / 6,138,174.13 / 1.12 / 236,083.62 / 6.564 / 721 / 36.16 40.01 - 50.00 / 45 / 10,524,819.49 / 1.93 / 233,884.88 / 6.554 / 715 / 46.61 50.01 - 60.00 / 115 / 32,680,809.70 / 5.99 / 284,180.95 / 6.476 / 718 / 56.41 60.01 - 70.00 / 218 / 59,096,147.93 / 10.83 / 271,083.25 / 6.595 / 706 / 65.74 70.01 - 80.00 / 1,679 / 417,616,392.77 / 76.53 / 248,729.24 / 6.819 / 707 / 79.36 80.01 - 90.00 / 50 / 10,862,347.50 / 1.99 / 217,246.95 / 7.004 / 697 / 87.67 90.01 - 100.00 / 26 / 5,662,867.17 / 1.04 / 217,802.58 / 6.712 / 712 / 94.76 Total / **2,177** / **$ 545,669,295.85** / **100.00%** (1) As of the Cut-off Date, the weighted average original Loan-to-Value Ratio of the Group 1 Mortgage Loans was approximately 75.41%.

EXHIBIT B

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS
	Prospectus Supplement at S-68 - S-69: To determine the adequacy of the property to be used as collateral, an appraisal is generally made of the subject property in accordance with the Uniform Standards of Profession Appraisal Practice. The appraiser generally inspects the property, analyzes data including the sales prices of comparable properties and issues an opinion of value using a Fannie Mae/Freddie Mac appraisal report form, or other acceptable form. In some cases, an automated valuation model (AVM) may be used in lieu of an appraisal. AVMs are computer programs that use real estate information, such as demographics, property characteristics, sales prices, and price trends to calculate a value for the specific property. The value of the property, as indicated by the appraisal or AVM, must support the loan amount. Prospectus dated 06/14/06 at 35: In determining the adequacy of the Property as collateral, an appraisal is made of each property considered for financing. Except as described in the applicable prospectus supplement, an appraiser is required to inspect the property and verify that it is in good repair and that construction, if new, has been completed. The appraisal is based on the market value of comparable homes, the estimated rental income (if considered applicable by the appraiser) and the cost of replacing the home.

EXHIBIT B

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS</th></tr>
<tr><td>MHL 2007-1</td><td>
Prospectus Supplement dated 05/31/07 at S-5:

Initial Group II Mortgage Loans[:] ...

Original Loan-to-Value Ratio [Range:] 28.89% - 100.00% [Weighted Average:] 75.89%

Prospectus Supplement at S-55:

Original Loan-to-Value Ratios of the Initial Group II Mortgage Loans
<table>
<tr><th>Original Loan-to-Value Ratio (%)</th><th>Number of Mortgage Loans</th><th>Aggregate Principal Balance Outstanding as of the Cut-Off Date</th><th>% of Aggregate Principal Balance Outstanding as of the Cut-Off Date</th></tr>
<tr><td>Less than or equal to 50.00</td><td>7</td><td>$ 4,354,491</td><td>0.66%</td></tr>
<tr><td>50.01 - 55.00</td><td>9</td><td>8,326,878</td><td>1.27</td></tr>
<tr><td>55.01 - 60.00</td><td>33</td><td>27,138,828</td><td>4.12</td></tr>
<tr><td>60.01 - 65.00</td><td>73</td><td>62,222,715</td><td>9.45</td></tr>
<tr><td>65.01 - 70.00</td><td>60</td><td>36,865,024</td><td>5.60</td></tr>
<tr><td>70.01 - 75.00</td><td>99</td><td>59,138,476</td><td>8.99</td></tr>
<tr><td>75.01 - 80.00</td><td>946</td><td>452,464,839</td><td>68.75</td></tr>
<tr><td>80.01 - 85.00</td><td>3</td><td>1,640,500</td><td>0.25</td></tr>
<tr><td>85.01 - 90.00</td><td>7</td><td>2,460,407</td><td>0.37</td></tr>
<tr><td>90.01 - 95.00</td><td>9</td><td>2,560,734</td><td>0.39</td></tr>
<tr><td>95.01 - 100.00</td><td>2</td><td>985,011</td><td>0.15</td></tr>
<tr><td>Total:</td><td>1,248</td><td>$ 658,157,903</td><td>100.00%</td></tr>
</table>

Prospectus Supplement at S-62:

Each Subsequent Mortgage Loan that is sold to the trust on a Subsequent Transfer Date will have the characteristics set forth below as of the related Subsequent Cut-Off Date: ...
</td></tr>
</table>

EXHIBIT B

SECURITIZATION	**FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS**
	(e) Such Subsequent Mortgage Loan will not have a loan-to-value ratio greater than or equal to approximately 100.00%. * * * The Initial Mortgage Loans together with the Subsequent Mortgage Loans will have, in the aggregate, the characteristics set forth below as of the Subsequent Cut-Off Date: ... (f) Have a weighted average loan-to-value ratio of not more than approximately 76.00% Prospectus Supplement at S-63 - S-64: Every MortgageIT mortgage loan is secured by a property that has been appraised by a licensed appraiser in accordance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation. The appraisers perform on site inspections of the property and report on the neighborhood and property condition in factual and specific terms. Loans in excess of one million dollars require (i) two full appraisals or (ii) one full appraisal and a field review, ordered by a MortgageIT-approved national appraiser, including photographs of the interior and the exterior of the subject property. Each appraisal contains an opinion of value that represents the appraiser's professional conclusion based on market data of sales of comparable properties, a logical analysis with adjustments for differences between the comparable sales and the subject property and the appraiser's judgment. In addition, a MortgageIT underwriter or a mortgage insurance company contract underwriter reviews each appraisal for accuracy and consistency. Prospectus dated 05/17/07 at 10: Mortgaged properties generally will be appraised by licensed appraisers or through an automated valuation system. A licensed appraiser will generally address neighborhood conditions, site and zoning status and condition and valuation of improvements. In the case of mortgaged properties secured by single family loans, the appraisal report will generally include a reproduction cost analysis (when

EXHIBIT B

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS
	appropriate) based on the current cost of constructing a similar home and a market value analysis based on recent sales of comparable homes in the area. With respect to multifamily properties, commercial properties and mixed-use properties, the appraisal must specify whether an income analysis, a market analysis or a cost analysis was used. An appraisal employing the income approach to value analyzes a property's projected net cash flow, capitalization and other operational information in determining the property's value. The market approach to value analyzes the prices paid for the purchase of similar properties in the property's area, with adjustments made for variations between those other properties and the property being appraised. The cost approach to value requires the appraiser to make an estimate of land value and then determine the current cost of reproducing the improvements less any accrued depreciation. In any case, the value of the property being financed, as indicated by the appraisal, must support, and support in the future, the outstanding loan balance. All appraisals by licensed appraisers are required to be on forms acceptable to Fannie Mae or Freddie Mac. Automated valuation systems generally rely on publicly available information regarding property values and will be described more fully in the related prospectus supplement. An appraisal for purposes of determining the Value of a mortgaged property may include an automated valuation.

EXHIBIT B

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS
NHEL 2007-1	Prospectus Supplement dated 02/23/07 at S-2 - S-4: The Group II Mortgage Loans have ... the following approximate characteristics as of the cut-off date: Range of original loan- to-value ratios(1): 11.91% to 100.00% Weighted average original loan-to-value ratio(1): 84.88% (1) As used in this prospectus supplement, the loan-to-value ratio for any second lien mortgage loan will mean the combined loan-to-value ratio. Prospectus Supplement at S-12: Approximately 53.23% and 52.32% of the Group I mortgage loans and Group II mortgage loans (in each case, by aggregate principal balance of the related loan group as of the cut-off date), respectively, have original loan-to-value ratios in excess of 80%. Prospectus Supplement at S-23: As of the cut-off date, the minimum loan-to-value ratio at origination for the mortgage loans was approximately 11.29%, the maximum loan-to-value ratio at origination was approximately 100.00%, and the weighted average loan-to-value ratio at origination was approximately 83.31% (references to loan-to-value ratios in this prospectus supplement are references to combined loan-to-value ratios with respect to second-lien mortgage loans). Prospectus Supplement at S-61: Approximately 52.32% of the Group II mortgage loans had loan-to-value ratios at origination in excess of 80%.

EXHIBIT B

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS

Prospectus Supplement at S-62:

Original Loan-to-Value Ratios of the Group II Mortgage Loans

Range of LTV Ratios* (%)	Number of Mortgage Loans	Aggregate Cut-off Date Principal Balance	Percentage of Aggregate Cut-off Date Principal Balance	Weighted Average Gross Coupon	Weighted Average Stated Remaining Term (Months)	Weighted Average Original LTV	Weighted Average FICO
0.00 - 49.99	58	$ 4,945,239.86	0.58%	7.964%	317	39.19%	624
50.00 - 54.99	40	5,487,790.84	0.65	8.303	323	52.42	622
55.00 - 59.99	37	7,916,537.68	0.93	7.613	337	58.00	635
60.00 - 64.99	72	13,101,247.33	1.55	7.529	330	62.96	637
65.00 - 69.99	104	18,102,796.18	2.13	7.762	339	67.73	623
70.00 - 74.99	138	23,960,098.55	2.83	8.180	331	72.08	594
75.00 - 79.99	205	41,749,766.17	4.92	8.550	340	76.68	605
80.00	1,043	289,019,158.29	34.08	8.075	355	80.00	660
80.01 - 84.99	100	21,475,570.25	2.53	8.875	344	83.23	604
85.00 - 89.99	395	81,803,170.52	9.65	8.989	343	86.33	597
90.00 - 94.99	839	167,656,588.32	19.77	9.275	347	90.26	608
95.00 - 99.99	282	67,510,126.39	7.96	9.395	339	95.22	635
100.00	946	105,217,464.60	12.41	10.746	260	100.00	672
Total	**4,259**	**$ 847,945,554.98**	**100.00%**	**8.865%**	**336**	**84.88%**	**635**

*LTV Ratios calculated as of origination
Weighted Average: 84.88% (approximate)

Prospectus Supplement at S-79:

An appraisal is also required on all loans and in many cases a review appraisal or second appraisal may be required depending on the value of the property and the underwriter's comfort with the original valuation. All appraisals are required to conform to the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of the Appraisal Foundation and are generally on forms acceptable to Fannie Mae. The properties securing the mortgage loans are appraised by qualified independent appraisers who are generally approved by the related originator.

EXHIBIT B

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS</th></tr>
<tr><td>PHHAM 2007-2</td><td>
<u>Prospectus Supplement dated 04/25/07 at S-4 - S-5:</u>

Group I Mortgage Loans[:] ...

Original Loan-to-Value Ratio [Range:] 5.56% - 100.00% [Weighted Average:] 76.06%

<u>Prospectus Supplement at S-36 - S-37:</u>

At origination, the Group I Mortgage Loans, Group II Mortgage Loans, Pool 2 Mortgage Loans, Pool 3 Mortgage Loans and Pool 4 Mortgage Loans had approximate loan-to-value ratios as described in the table below.

<table>
<tr><td></td><td colspan="2">Approximate Loan-to-Value Ratio</td></tr>
<tr><td></td><td>Less than or equal to 80%</td><td>Greater than 80%, but less than or equal to 95%</td></tr>
<tr><td>Percentage of Group I Mortgage Loans by Principal Balance</td><td>85.99%</td><td>12.74%</td></tr>
<tr><td>Percentage of Group II Mortgage Loans by Principal Balance</td><td>88.44%</td><td>9.89%</td></tr>
<tr><td>Percentage of Pool 2 Mortgage Loans by Principal Balance</td><td>88.21%</td><td>9.93%</td></tr>
<tr><td>Percentage of Pool 3 Mortgage Loans by Principal Balance</td><td>90.57%</td><td>9.43%</td></tr>
<tr><td>Percentage of Pool 4 Mortgage Loans by Principal Balance</td><td>88.90%</td><td>9.96%</td></tr>
</table>
</td></tr>
</table>

EXHIBIT B

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS

Prospectus Supplement at S-41:

Original Loan-to-Value Ratios of the Group I Mortgage Loans

Original Loan-to-Value Ratio (%)	Number of Group I Mortgage Loans	Aggregate Principal Balance Outstanding as of the Cut-Off Date	% of Aggregate Principal Balance Outstanding as of the Cut-Off Date
Less than or equal to 50.00	65	$16,251,679	4.93%
50.01 - 55.00	11	5,155,016	1.56
55.01 - 60.00	32	11,906,633	3.61
60.01 - 65.00	42	16,965,418	5.15
65.01 - 70.00	70	21,082,410	6.40
70.01 - 75.00	68	27,449,893	8.33
75.01 - 80.00	592	184,572,779	56.01
80.01 - 85.00	24	5,506,380	1.67
85.01 - 90.00	110	19,599,299	5.95
90.01 - 95.00	111	16,889,623	5.13
95.01 - 100.00	28	4,159,011	1.26
Total:	**1,153**	**$329,538,139**	**100.00%**

Prospectus Supplement at S-72:

In determining the adequacy of the property as collateral for a first lien mortgage loan, a Fannie Mae/Freddie Mac conforming appraisal of the property is performed by an independent appraiser selected by PHH Mortgage, except as noted in this prospectus supplement. The appraiser is required to inspect the property and verify that it is in good condition and that construction or renovation, if new, has been completed. The appraisal report indicates a value for the property and provides information concerning marketability, the neighborhood, the property site, interior and exterior improvements, and the condition of the property. In lieu of an appraisal, alternative collateral assessment products which comply with Fannie Mae/Freddie Mac criteria may be used.

EXHIBIT B

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS
	In many cases, the appraisal is obtained through a network of appraisers managed by STARSSM (Speedy Title Appraisal and Review Services), a corporation owned by the same parent company as PHH Mortgage that was originally established to support the Cartus Corporation relocation program with appraisals obtained for relocation transactions (that is, transfers that require an accurate price estimate in the absence of a current sale transaction). In certain cases, PHH Mortgage may employ the use of a third party statistical valuation in lieu of an appraisal. Prospectus Supplement at S-73: The underwriting standards of PHH Mortgage for first lien mortgage loans generally allow loan-to-value ratios at origination of up to 95% for mortgage loans. However, certain programs allow mortgage loans that had loan-to-value ratios at origination of up to 100%.

EXHIBIT B

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS
RALI 2007-QO2	Prospectus Supplement dated 02/26/07 at S-24: Approximately 4.6% of the aggregate stated principal balance of the mortgage loans as of the cut-off date have an LTV ratio at origination in excess of 80% ... Prospectus Supplement at S-50: The adequacy of the mortgaged property as security for repayment of the related mortgage loan generally is determined by an appraisal in accordance with appraisal procedure guidelines described in the Seller Guide. Appraisers may be staff appraisers employed by the originator. The appraisal procedure guidelines generally require the appraiser or an agent on its behalf to personally inspect the property and to verify whether the property is in good condition and that construction, if new, has been substantially completed. The appraiser is required to consider a market data analysis of recent sales of comparable properties and, when deemed applicable, an analysis based on income generated from the property, or replacement cost analysis based on the current cost of constructing or purchasing a similar property. In certain instances, the LTV ratio is based on the appraised value as indicated on a review appraisal conducted by the mortgage collateral seller or originator.

EXHIBIT B

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS
	Prospectus Supplement at I-4:

Original Loan-to-Value Ratios of the Mortgage Loans

Original Loan-to-Value Ratio (%)	Number of Mortgage Loans	Principal Balance	Percentage of Mortgage Loans	Average Principal Balance	Average Weighted Credit Score
00.01 - 50.00	47	$ 15,684,903	2.94%	$333,721	704
50.01 - 55.00	23	7,887,514	1.48	342,935	703
55.01 - 60.00	37	13,662,434	2.56	369,255	729
60.01 - 65.00	52	20,477,197	3.84	393,792	700
65.01 - 70.00	154	58,608,190	10.99	380,573	688
70.01 - 75.00	238	103,143,206	19.34	433,375	696
75.01 - 80.00	828	289,501,495	54.29	349,639	703
80.01 - 85.00	16	4,478,742	0.84	279,921	701
85.01 - 90.00	49	13,238,644	2.48	270,176	722
90.01 - 95.00	22	6,586,755	1.24	299,398	707
Total, Average or Weighted Average	1,466	$533,269,080	100.00%	$363,758	701

The weighted average loan-to-value ratio at origination of the mortgage loans will be approximately 75.33%.

EXHIBIT B

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS</th></tr>
<tr><td>RAMP 2007-RS1</td><td>Prospectus Supplement dated 03/07/07 at S-14 - S-15:

The mortgage loans include loans that: ... have loan-to-value ratios at origination greater than 80% of the value of the mortgaged property, which constitute approximately 13.7% of the mortgage loans ...

Prospectus Supplement at III-3:

Original Loan-to-Value Ratios of the Mortgage Loans

<table>
<tr><th>Original Loan-to-Value Ratio (%)</th><th>Number of Mortgage Loans</th><th>Principal Balance</th><th>Percentage of Mortgage Loans</th><th>Average Principal Balance</th><th>Weighted Average Credit Score</th></tr>
<tr><td>00.01 - 50.00</td><td>25</td><td>$4,605,007</td><td>0.95%</td><td>$184,200</td><td>651</td></tr>
<tr><td>50.01 - 55.00</td><td>10</td><td>3,834,774</td><td>0.79</td><td>383,477</td><td>666</td></tr>
<tr><td>55.01 - 60.00</td><td>12</td><td>6,099,386</td><td>1.26</td><td>508,282</td><td>671</td></tr>
<tr><td>60.01 - 65.00</td><td>34</td><td>21,248,881</td><td>4.40</td><td>624,967</td><td>698</td></tr>
<tr><td>65.01 - 70.00</td><td>68</td><td>33,658,355</td><td>6.97</td><td>494,976</td><td>685</td></tr>
<tr><td>70.01 - 75.00</td><td>116</td><td>45,001,654</td><td>9.32</td><td>387,945</td><td>694</td></tr>
<tr><td>75.01 - 80.00</td><td>1,158</td><td>302,104,752</td><td>62.57</td><td>260,885</td><td>675</td></tr>
<tr><td>80.01 - 85.00</td><td>38</td><td>7,843,221</td><td>1.62</td><td>206,401</td><td>679</td></tr>
<tr><td>85.01 - 90.00</td><td>186</td><td>38,221,957</td><td>7.92</td><td>205,494</td><td>690</td></tr>
<tr><td>90.01 - 95.00</td><td>91</td><td>16,721,396</td><td>3.46</td><td>183,752</td><td>687</td></tr>
<tr><td>95.01 - 100.00</td><td>18</td><td>3,519,514</td><td>0.73</td><td>195,529</td><td>679</td></tr>
<tr><td>Total</td><td>1,756</td><td>$482,858,898</td><td>100.00%</td><td>$274,977</td><td>680</td></tr>
</table>

The weighted average Loan-to-Value ratio at origination of the Mortgage Loans will be approximately 78.56%.</td></tr>
</table>

EXHIBIT B

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING APPRAISALS, CLTV RATIOS AND LTV RATIOS
	Prospectus dated 12/04/06 at 21 - 22: *Appraisals* The adequacy at origination of a mortgaged property as security for repayment of the related loan will typically have been determined by an appraisal. Appraisers may be either staff appraisers employed by the originator or independent appraisers selected in accordance with guidelines established by or acceptable to the originator. The appraisal procedure guidelines in most cases will have required the appraiser or an agent on its behalf to personally inspect the property and to verify whether the property was in good condition and that construction, if new, had been substantially completed. The appraisal will have considered a market data analysis of recent sales of comparable properties and, when deemed applicable, an analysis based on income generated from the property or replacement cost analysis based on the current cost of constructing or purchasing a similar property. In certain instances, the LTV ratio or combined LTV ratio may have been based on the appraised value as indicated on a review appraisal conducted by the seller or originator. Alternatively, as specified in the accompanying prospectus supplement, values may be supported by: • a statistical valuation; • a broker's price opinion; • an automated appraisal, drive by appraisal or other certification of value; or • a statement of value by the borrower. A statistical valuation estimates the value of the property as determined by a form of appraisal which uses a statistical model to estimate the value of a property. The stated value will be value of the property as stated by the related borrower in his or her application. The accompanying prospectus supplement will specify whether an appraisal of any manufactured home will not be required.

EXHIBIT C

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DEBT-TO-INCOME RATIO
ACE 2007-ASAP1	Prospectus Supplement dated 03/15/07 at S-63: In underwriting a mortgage loan, the Sponsor considers, among other things, a mortgagor's credit history, repayment ability and debt service-to-income ratio (referred to in this section of the prospectus supplement as the "Debt Ratio"), as well as the value, type and use of the mortgaged property. Prospectus Supplement at S-64: On a case by case basis, the Sponsor may determine that, based upon compensating factors, a prospective borrower who does not strictly qualify under the underwriting risk category guidelines described below warrants an underwriting exception. Compensating factors may include, but are not limited to, low loan-to-value ratio, low Debt Ratio, substantial liquid assets, good credit history, stable employment and time in residence at the applicant's current address. It is expected that an insignificant portion of the Mortgage Loans may represent such underwriting exceptions. Prospectus Supplement at S-65: Under the DB-ASAP Program, various risk categories are used to grade the likelihood that the applicant will satisfy the repayment conditions of the loan. These risk categories establish the maximum permitted loan-to-value ratio and loan amount, given the occupancy status of the mortgaged property and the applicant's credit history and Debt Ratio…. * * * The Debt Ratio generally may not exceed 50.49% for all credit scores on Full Documentation Program and Limited Income Verification Program mortgage loans. Loans meeting the residual income requirements may have a maximum Debt Ratio of 55.49%. The Debt Ratio for No Income Verification Program mortgage loans may not exceed 50.49%.

EXHIBIT C

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DEBT-TO-INCOME RATIO
ACE 2007-ASAP2	Prospectus Supplement dated 05/23/07 at S-67: In underwriting a mortgage loan, the Sponsor considers, among other things, a mortgagor's credit history, repayment ability and debt service-to-income ratio (referred to in this section of the prospectus supplement as the "Debt Ratio"), as well as the value, type and use of the mortgaged property. Prospectus Supplement at S-69: On a case by case basis, the Sponsor may determine that, based upon compensating factors, a prospective borrower who does not strictly qualify under the underwriting risk category guidelines described below warrants an underwriting exception. Compensating factors may include, but are not limited to, low loan-to-value ratio, low Debt Ratio, substantial liquid assets, good credit history, stable employment and time in residence at the applicant's current address. It is expected that an insignificant portion of the Mortgage Loans may represent such underwriting exceptions. Prospectus Supplement at S-70: Under the DB-ASAP Program, various risk categories are used to grade the likelihood that the applicant will satisfy the repayment conditions of the loan. These risk categories establish the maximum permitted loan-to-value ratio and loan amount, given the occupancy status of the mortgaged property and the applicant's credit history and Debt Ratio. * * * The Debt Ratio generally may not exceed 50.49% for all credit scores on Full Documentation Program and Limited Income Verification Program mortgage loans. Loans meeting the residual income requirements may have a maximum Debt Ratio of 55.49%. The Debt Ratio for No Income Verification Program mortgage loans may not exceed 50.49%.

EXHIBIT C

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DEBT-TO-INCOME RATIO
ACE 2007-WM1	Prospectus Supplement dated 01/26/07 at S-58: On a case-by-case basis WMC may determine that, based upon compensating factors, a prospective mortgagor not strictly qualifying under the underwriting risk category or other guidelines described below warrants an underwriting exception. Compensating factors may include, but are not limited to, low debt-to-income ratio ("**Debt Ratio**"), good mortgage payment history, an abundance of cash reserves, excess disposable income, stable employment and time in residence at the applicant's current address. Prospectus Supplement at S-59: Under the Underwriting Guidelines, WMC verifies the loan applicant's eligible sources of income for all products, calculates the amount of income from eligible sources indicated on the loan application, reviews the credit and mortgage payment history of the applicant and calculates the Debt Ratio to determine the applicant's ability to repay the loan, and reviews the mortgaged property for compliance with the Underwriting Guidelines. Prospectus Supplement at S-61: Jumbo loans are originated under all documentation programs to borrowers with minimum Credit Scores of 620 (600 under WMC Select), a maximum Debt Ratio of 50% and who satisfy other requirements as set forth in the Underwriting Guidelines. Prospectus Supplement at S-62: [Risk Category "AA":] Maximum debt ratio: Limited to 55% for all documentation types except Stated Income Documentation, which is limited to 50%.

EXHIBIT C

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DEBT-TO-INCOME RATIO
	Prospectus Supplement at S-64: [Risk Category "A":] Maximum debt ratio: Limited to 55% for all documentation types except Stated Income Documentation, which is limited to 50%. Prospectus Supplement at S-66: [Risk Category "A-":] Maximum debt ratio: Limited to 55% for all documentation types except Stated Income Documentation, which is limited to 50%. Prospectus Supplement at S-67: [Risk Category "B+":] Maximum debt ratio: Limited to 55% for all documentation types except Stated Income Documentation, which is limited to 50%. Prospectus Supplement at S-69: [Risk Category "B-":] Maximum debt ratio: Limited to 55% for all documentation types except Stated Income Documentation, which is limited to 50%. Prospectus Supplement at S-70: [Risk Category "C":] Maximum debt ratio: Limited to 55% for all documentation types except Stated Income Documentation, which is limited to 50%.

EXHIBIT C

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DEBT-TO-INCOME RATIO
DBALT 2006-AR4	Prospectus Supplement dated 09/28/06 at S-40: Under [Countrywide's underwriting standards], a prospective borrower must generally demonstrate that the ratio of the borrower's monthly housing expenses (including principal and interest on the proposed mortgage loan and, as applicable, the related monthly portion of property taxes, hazard insurance and mortgage insurance) to the borrower's monthly gross income and the ratio of total monthly debt to the monthly gross income (the "debt-to-income" ratios) are within acceptable limits…. The maximum acceptable debt-to-income ratio, which is determined on a loan-by-loan basis varies depending on a number of underwriting criteria, including the Loan-to-Value Ratio, loan purpose, loan amount and credit history of the borrower. Prospectus Supplement at S-42: Under its Standard Underwriting Guidelines, Countrywide Home Loans generally permits a debt-to-income ratio based on the borrower's monthly housing expenses of up to 33% and a debt-to-income ratio based on the borrower's total monthly debt of up to 38%. Prospectus Supplement at S-43 – S-44: The Expanded Underwriting Guidelines also permit higher debt-to-income ratios than mortgage loans underwritten pursuant to the Standard Underwriting Guidelines. Under its Expanded Underwriting Guidelines, Countrywide Home Loans generally permits a debt-to-income ratio based on the borrower's monthly housing expenses of up to 36% and a debt-to-income ratio based on the borrower's total monthly debt of up to 40%; provided, however, that if the Loan-to-Value Ratio exceeds 80%, the maximum permitted debt-to-income ratios are 33% and 38%, respectively.

EXHIBIT C

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DEBT-TO-INCOME RATIO
DBALT 2006-AR6	Prospectus Supplement dated 12/14/06 at S-41: In addition to the monthly housing expense the [MortgageIT] underwriter must evaluate the borrower's ability to manage all recurring payments on all debts, including the monthly housing expense. When evaluating the ratio of all monthly debt payments to the borrower's monthly income (debt-to-income ratio), the underwriter should be aware of the degree and frequency of credit usage and its impact on the borrower's ability to repay the loan.

EXHIBIT C

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DEBT-TO-INCOME RATIO
DBALT 2007-1	Prospectus Supplement dated 06/29/07 at S-81 – S-82: Under [Countrywide's underwriting standards], a prospective borrower must generally demonstrate that the ratio of the borrower's monthly housing expenses (including principal and interest on the proposed mortgage loan and, as applicable, the related monthly portion of property taxes, hazard insurance and mortgage insurance) to the borrower's monthly gross income and the ratio of total monthly debt to the monthly gross income (the "debt-to-income" ratios) are within acceptable limits…. The maximum acceptable debt-to-income ratio, which is determined on a loan-by-loan basis varies depending on a number of underwriting criteria, including the Loan-to-Value Ratio, loan purpose, loan amount and credit history of the borrower. Prospectus Supplement at S-83: Under its Standard Underwriting Guidelines, Countrywide Home Loans generally permits a debt-to-income ratio based on the borrower's monthly housing expenses of up to 33% and a debt-to-income ratio based on the borrower's total monthly debt of up to 38%. Prospectus Supplement at S-84: The Expanded Underwriting Guidelines also permit higher debt-to-income ratios than mortgage loans underwritten pursuant to the Standard Underwriting Guidelines. Prospectus Supplement at S-85: Under its Expanded Underwriting Guidelines, Countrywide Home Loans generally permits a debt-to-income ratio based on the borrower's monthly housing expenses of up to 36% and a debt-to-income ratio based on the borrower's total monthly debt of up to 40%; provided, however, that if the Loan-to-Value Ratio exceeds 80%, the maximum permitted debt-to-income ratios are 33% and 38%, respectively.

EXHIBIT C

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DEBT-TO-INCOME RATIO
DBALT 2007-AR1	Prospectus Supplement dated 01/29/07 at S-43: In addition to the monthly housing expense the [MortgageIT] underwriter must evaluate the borrower's ability to manage all recurring payments on all debts, including the monthly housing expense. When evaluating the ratio of all monthly debt payments to the borrower's monthly income (debt-to-income ratio), the underwriter should be aware of the degree and frequency of credit usage and its impact on the borrower's ability to repay the loan. Prospectus Supplement at S-48: In addition to the monthly housing expense, the [American Home] underwriter must evaluate the borrower's ability to manage all recurring payments on all debts, including the monthly housing expense. When evaluating the ratio of all monthly debt payments to the borrower's monthly income (debt-to-income ratio), the underwriter should be aware of the degree and frequency of credit usage and its impact on the borrower's ability to repay the loan.

EXHIBIT C

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DEBT-TO-INCOME RATIO
DBALT 2007-AR2	Prospectus Supplement dated 02/26/07 at S-41: In addition to the monthly housing expense, the [American Home] underwriter must evaluate the borrower's ability to manage all recurring payments on all debts, including the monthly housing expense. When evaluating the ratio of all monthly debt payments to the borrower's monthly income (debt-to-income ratio), the underwriter should be aware of the degree and frequency of credit usage and its impact on the borrower's ability to repay the loan. Prospectus Supplement at S-43 – S-44: In addition to the monthly housing expense the [MortgageIT] underwriter must evaluate the borrower's ability to manage all recurring payments on all debts, including the monthly housing expense. When evaluating the ratio of all monthly debt payments to the borrower's monthly income (debt-to-income ratio), the underwriter should be aware of the degree and frequency of credit usage and its impact on the borrower's ability to repay the loan.

EXHIBIT C

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DEBT-TO-INCOME RATIO
DBALT 2007-BAR1	Prospectus Supplement dated 02/26/07 at S-38: In general, a prospective borrower applying for a loan is required to fill out a detailed application designed to provide to the underwriting officer pertinent credit information. As part of the description of the borrower's financial condition, the borrower generally is required to provide a current list of assets and liabilities and a statement of income and expenses, as well as an authorization to apply for a credit report which summarizes the borrower's credit history with local merchants and lenders and any record of bankruptcy.
DBALT 2007-OA1	Prospectus Supplement dated 02/28/07 at 39 of 221: Under [Countrywide's underwriting standards], a prospective borrower must generally demonstrate that the ratio of the borrower's monthly housing expenses (including principal and interest on the proposed mortgage loan and, as applicable, the related monthly portion of property taxes, hazard insurance and mortgage insurance) to the borrower's monthly gross income and the ratio of total monthly debt to the monthly gross income (the "debt-to-income" ratios) are within acceptable limits…. The maximum acceptable debt-to-income ratio, which is determined on a loan-by-loan basis varies depending on a number of underwriting criteria, including the Loan-to-Value Ratio, loan purpose, loan amount and credit history of the borrower. Prospectus Supplement at 40 of 221: Under its Standard Underwriting Guidelines, Countrywide Home Loans generally permits a debt-to-income ratio based on the borrower's monthly housing expenses of up to 33% and a debt-to-income ratio based on the borrower's total monthly debt of up to 38%. Prospectus Supplement at 41-42 of 221: The Expanded Underwriting Guidelines also permit higher debt-to-income ratios than mortgage loans underwritten pursuant to the Standard Underwriting Guidelines.

EXHIBIT C

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DEBT-TO-INCOME RATIO
	* * * Under its Expanded Underwriting Guidelines, Countrywide Home Loans generally permits a debt-to-income ratio based on the borrower's monthly housing expenses of up to 36% and a debt-to-income ratio based on the borrower's total monthly debt of up to 40%; provided, however, that if the Loan-to-Value Ratio exceeds 80%, the maximum permitted debt-to-income ratios are 33% and 38%, respectively.
DBALT 2007-OA2	Prospectus Supplement dated 03/30/07 at S-48: Under the "Stated Income Stated Assets" program available to borrowers in the Series I & II program, the borrower provides income and asset information, which Impac Funding is not required to verify, on the mortgage loan application. However, a debt-to-income ratio is calculated. * * * Under [the Lite Documentation Program] the borrower provides income information on the mortgage loan applicant and the debt to service to income ratio is calculated.

EXHIBIT C

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DEBT-TO-INCOME RATIO
DBALT 2007-OA4	Prospectus Supplement dated 06/29/07 at S-83: Under [Countrywide's underwriting standards], a prospective borrower must generally demonstrate that the ratio of the borrower's monthly housing expenses (including principal and interest on the proposed mortgage loan and, as applicable, the related monthly portion of property taxes, hazard insurance and mortgage insurance) to the borrower's monthly gross income and the ratio of total monthly debt to the monthly gross income (the "debt-to-income" ratios) are within acceptable limits…. The maximum acceptable debt-to-income ratio, which is determined on a loan-by-loan basis varies depending on a number of underwriting criteria, including the Loan-to-Value Ratio, loan purpose, loan amount and credit history of the borrower. Prospectus Supplement at S-85: Under its Standard Underwriting Guidelines, Countrywide Home Loans generally permits a debt-to-income ratio based on the borrower's monthly housing expenses of up to 33% and a debt-to-income ratio based on the borrower's total monthly debt of up to 38%. Prospectus Supplement at S-86: The Expanded Underwriting Guidelines also permit higher debt-to-income ratios than mortgage loans underwritten pursuant to the Standard Underwriting Guidelines. * * * Under its Expanded Underwriting Guidelines, Countrywide Home Loans generally permits a debt-to-income ratio based on the borrower's monthly housing expenses of up to 36% and a debt-to-income ratio based on the borrower's total monthly debt of up to 40%; provided, however, that if the Loan-to-Value Ratio exceeds 80%, the maximum permitted debt-to-income ratios are 33% and 38%, respectively.

EXHIBIT C

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DEBT-TO-INCOME RATIO
INDX 2006-AR27	Prospectus Supplement dated 08/29/06 at S-68: Additionally, maximum total monthly debt payments-to-income ratios and cash-out limits may be applied [when determining loan eligibility].
MHL 2007-1	Prospectus Supplement dated 05/31/07 at S-65: In addition to the monthly housing expense the [MortgageIT] underwriter must evaluate the borrower's ability to manage all recurring payments on all debts, including the monthly housing expense. When evaluating the ratio of all monthly debt payments to the borrower's monthly income (debt-to-income ratio), the underwriter should be aware of the degree and frequency of credit usage and its impact on the borrower's ability to repay the loan.

EXHIBIT C

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DEBT-TO-INCOME RATIO
NHEL 2007-1	Prospectus Supplement dated 02/23/07 at S-82:

Underwriting Standards (continued)

	M1	M2	M3	M4	Alt-A (NINA)	Alt-A (NoDoc)	Alt-A (Full/Stated)	Piggybacks
Adverse Accounts	Not considered unless they effect title	Not considered unless they effect title	Not considered unless they effect title	Not considered unless they effect title	Not considered unless they effect title	Not considered unless they effect title	Not considered unless they effect title	Not considered unless they effect title
Debt-to-Income Ratio	50% (60% at lowered LTV)	50% (60% at lowered LTV)	50% (60% at lowered LTV)	55%	n/a	n/a	50%; 45% if 100% LTV	50%
Maximum Loan-to-Value Ratio	100% (600 score purchase and rate/term, 600 score cash out) or 97%/95% (580 score) or 90%	100% (600 purchase, 600 score rate/term and cash out score) or 97%/95% (580 score), 90% (520 score),or 70% (500 score)	85% (540 score)	75%	95%	90%	100% (min 660 score, Full Doc only); 95% with 660 score; 90% with 620 score	100% CLTV
Maximum Combined Loan-to-Value Ratio	100% (max 80% LTV) or 95%	100% (max 80% LTV) or 95%	100% (max 80% LTV) or 90%	85%	100% (NMI second loan only)	100% (NMI second loan only)	100% (NMI second loan only)	100%

EXHIBIT C

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DEBT-TO-INCOME RATIO
PHHAM 2007-2	Prospectus Supplement dated 04/25/07 at S-74: [Full Documentation Program:] PHH Mortgage generally applies debt service-to-income ratios of up to 50% of the proposed borrower's acceptable stable monthly gross income. Under certain programs, however, PHH Mortgage makes loans where these ratios are up to 60%.
RALI 2007-QO2	Prospectus Supplement dated 02/26/07 at S-49: Residential Funding, under its Expanded Criteria Program…purchases mortgage loans that may not qualify for other first mortgage purchase programs such as those run by Fannie Mae or Freddie Mac or by Residential Funding in connection with securities issued by the depositor's affiliate, Residential Funding Mortgage Securities I, Inc….Examples of mortgage loans that may not qualify for such programs include negative amortization loans, mortgage loans secured by non-owner occupied properties, mortgage loans made to borrowers whose income is not required to be provided or verified, mortgage loans with high LTV ratios or mortgage loans made to borrowers whose ratios of debt service on the mortgage loan to income and total debt service on borrowings to income are higher than for those other programs.

EXHIBIT C

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DEBT-TO-INCOME RATIO
RAMP 2007-RS1	Prospectus Supplement dated 03/07/07 at S-14: The mortgage loans include loans that: … • were made to borrowers who have debt-to-income ratios greater than approximately 50.00% (i.e., the amount of debt the borrower owes represents a large portion of his or her income), which constitute 4.6% of the mortgage pool by principal balance, and if a deterioration of any borrower's financial condition could make it difficult for that borrower to continue to make mortgage payments. Prospectus Supplement at S-45: An example of [Residential Funding's "Negotiated Conduit Asset Program] loan includes, but is not limited to, a mortgage loan: • made to a borrower with a higher total debt-to-income ratio than that allowed by Residential Funding's "Jumbo A" program, … • made to a borrower who does not meet reserve requirements of the program or total debt-to-income exceeds underwriting guidelines of Residential Funding's "Home Solution" program.

EXHIBIT C

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING DEBT-TO-INCOME RATIO

Prospectus Supplement at III-3:

Debt-to-Income Ratios of the Mortgage Loans

Debt-to-Income Ratio (%)	Number of Mortgage Loans	Principal Balance	Percentage of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Value Ratio
20.00 or less	56	$11,967,191	2.48%	$213,700	682	78.32%
20.01 - 25.00	60	13,917,086	2.88	231,951	675	75.19
25.01 - 30.00	86	24,747,197	5.13	287,758	684	76.57
30.01 - 35.00	121	33,367,040	6.91	275,761	676	79.01
35.01 - 40.00	242	69,384,377	14.37	286,712	690	79.22
40.01 - 45.00	326	91,785,687	19.01	281,551	671	79.58
45.01 - 50.00	205	55,452,616	11.48	270,501	669	78.90
50.01 - 55.00	50	16,103,911	3.34	322,078	689	77.40
55.01 - 60.00	8	5,219,468	1.08	652,433	732	71.27
60.01 or greater	3	1,127,539	0.23	375,846	775	81.43
Not Available	599	159,786,785	33.09	266,756	681	78.42
Total	1,756	$482,858,898	100.00%	$274,977	680	78.56%

As of the cut-off date, the weighted average debt-to-income ratio of the Mortgage Loans will be approximately 39.51%.

EXHIBIT D

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING OWNER OCCUPANCY
ACE 2007-ASAP1	Prospectus Supplement dated 03/15/07 at S-58:
ACE 2007-ASAP2	Prospectus Supplement dated 05/23/07 at S-60:

Occupancy Status of the Group II Mortgage Loans

Occupancy Status	Number of Mortgage Loans	Aggregate Principal Balance Outstanding as of the Cut-off Date	% of Aggregate Principal Balance Outstanding as of the Cut-off Date
Primary	2,150	$ 459,866,969	98.95%
Investment	23	4,214,848	0.91
Second Home	5	688,447	0.15
Total:	2,178	$ 464,770,264	100.00%

The occupancy status of a Mortgaged Property is as represented by the mortgagor in its loan application.

Occupancy Status of the Group II Mortgage Loans

Occupancy Status	Number of Mortgage Loans	Aggregate Principal Balance Outstanding as of the Cut-off Date	% of Aggregate Principal Balance Outstanding as of the Cut-off Date
Primary	1,224	$ 319,269,327	98.66%
Investment	32	4,329,252	1.34
Total:	1,256	$ 323,598,579	100.00%

The occupancy status of a Mortgaged Property is as represented by the mortgagor in its loan application.

EXHIBIT D

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS REGARDING OWNER OCCUPANCY</th></tr>
<tr><td>ACE 2007-WM1</td><td>Prospectus Supplement dated 09/28/06 at S-53:

Occupancy Status of the Group II Mortgage Loans

<table>
<tr><th>Occupancy Status</th><th>Number of Mortgage Loans</th><th>Aggregate Principal Balance Outstanding as of the Cut-off Date</th><th>% of Aggregate Principal Balance Outstanding as of the Cut-off Date</th></tr>
<tr><td>Primary</td><td>2,765</td><td>$ 568,929,216</td><td>97.47%</td></tr>
<tr><td>Second Home</td><td>75</td><td>8,671,439</td><td>1.49</td></tr>
<tr><td>Investment</td><td>30</td><td>6,096,720</td><td>1.04</td></tr>
<tr><td>Total:</td><td>2,870</td><td>$ 583,697,375</td><td>100.00%</td></tr>
</table>

The occupancy status of a Mortgaged Property is as represented by the mortgagor in its loan application.</td></tr>
<tr><td>DBALT 2006-AR4</td><td>Prospectus Supplement dated 12/14/06 at S-31:

Occupancy Status of the Initial Mortgage Loans

<table>
<tr><th>Occupancy Status*</th><th>Number of Initial Mortgage Loans</th><th>Aggregate Principal Balance Outstanding as of the Initial Cut-Off Date</th><th>% of Aggregate Principal Balance Outstanding as of the Initial Cut-Off Date</th></tr>
<tr><td>Primary</td><td>2,440</td><td>$ 874,193,924</td><td>84.89%</td></tr>
<tr><td>Investment</td><td>417</td><td>106,962,214</td><td>10.39</td></tr>
<tr><td>Second Home</td><td>159</td><td>48,689,240</td><td>4.73</td></tr>
<tr><td>Total:</td><td>3,016</td><td>$1,029,845,378</td><td>100.00%</td></tr>
</table>

*The occupancy status of a Mortgaged Property is as represented by the mortgagor in its loan application.</td></tr>
</table>

EXHIBIT D

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS REGARDING OWNER OCCUPANCY</th></tr>
<tr><td>DBALT 2006-AR6</td><td>Prospectus Supplement dated 12/14/06 at S-31:

Occupancy Status of the Mortgage Loans

<table>
<tr><th>Occupancy Status*</th><th>Number of Mortgage Loans</th><th>Aggregate Principal Balance Outstanding as of the Cut-Off Date</th><th>% of Aggregate Principal Balance Outstanding as of the Cut-Off Date</th></tr>
<tr><td>Primary</td><td>4,276</td><td>$1,453,898,395</td><td>82.42%</td></tr>
<tr><td>Investment</td><td>1,037</td><td>232,528,267</td><td>13.18</td></tr>
<tr><td>Second Home</td><td>252</td><td>77,679,013</td><td>4.40</td></tr>
<tr><td>Total:</td><td>5,565</td><td>$1,764,105,675</td><td>100.00%</td></tr>
</table>
*The occupancy status of a Mortgaged Property is as represented by the mortgagor in its loan application.</td></tr>
<tr><td>DBALT 2007-1</td><td>Prospectus Supplement dated 06/29/07 at S-60:

Occupancy Status of the Initial Group I Mortgage Loans

<table>
<tr><th>Occupancy Status*</th><th>Number of Mortgage Loans</th><th>Aggregate Principal Balance Outstanding as of the Cut-Off Date ($)</th><th>% of Aggregate Principal Balance of the Initial Group I Mortgage Loans Outstanding as of the Cut-Off Date</th></tr>
<tr><td>Primary</td><td>2,658</td><td>1,104,778,793</td><td>76.70%</td></tr>
<tr><td>Investment</td><td>990</td><td>261,642,059</td><td>18.16</td></tr>
<tr><td>Second Home</td><td>173</td><td>73,994,135</td><td>5.14</td></tr>
<tr><td>Total:</td><td>3,821</td><td>1,440,414,987</td><td>100.00%</td></tr>
</table>
*The occupancy status of a Mortgaged Property is as represented by the mortgagor in its loan application.</td></tr>
</table>

EXHIBIT D

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS REGARDING OWNER OCCUPANCY</th></tr>
<tr><td>DBALT 2007-AR1</td><td>Prospectus Supplement dated 01/29/07 at S-34:

Occupancy Status of the Mortgage Loans

<table>
<tr><th>Occupancy Status*</th><th>Number of Mortgage Loans</th><th>Aggregate Principal Balance Outstanding as of the Cut-Off Date</th><th>% of Aggregate Principal Balance Outstanding as of the Cut-Off Date</th></tr>
<tr><td>Primary</td><td>2,102</td><td>$679,578,568</td><td>87.54%</td></tr>
<tr><td>Investment</td><td>316</td><td>63,625,276</td><td>8.20</td></tr>
<tr><td>Second Home</td><td>129</td><td>33,086,494</td><td>4.26</td></tr>
<tr><td>Total:</td><td>2,547</td><td>$776,290,337</td><td>100.00%</td></tr>
</table>
*The occupancy status of a Mortgaged Property is as represented by the mortgagor in its loan application.</td></tr>
<tr><td>DBALT 2007-AR2</td><td>Prospectus Supplement dated 02/26/07 at S-32:

Occupancy Status of the Mortgage Loans

<table>
<tr><th>Occupancy Status*</th><th>Number of Mortgage Loans</th><th>Aggregate Principal Balance Outstanding as of the Cut-Off Date</th><th>% of Aggregate Principal Balance Outstanding as of the Cut-Off Date</th></tr>
<tr><td>Primary</td><td>2,297</td><td>$757,846,650</td><td>84.12%</td></tr>
<tr><td>Investment</td><td>415</td><td>94,565,776</td><td>10.50</td></tr>
<tr><td>Second Home</td><td>182</td><td>48,545,980</td><td>5.39</td></tr>
<tr><td>Total:</td><td>2,894</td><td>$900,958,406</td><td>100.00%</td></tr>
</table>
*The occupancy status of a Mortgaged Property is as represented by the mortgagor in its loan application.</td></tr>
</table>

EXHIBIT D

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS REGARDING OWNER OCCUPANCY</th></tr>
<tr><td>DBALT 2007-BAR1</td><td>Prospectus Supplement dated 02/26/07 at S-33:

Occupancy Status of the Mortgage Loans

<table>
<tr><th>Occupancy Status*</th><th>Number of Mortgage Loans</th><th>Aggregate Principal Balance Outstanding as of the Cut-Off Date</th><th>% of Aggregate Principal Balance Outstanding as of the Cut-Off Date</th></tr>
<tr><td>Primary</td><td>1,879</td><td>$546,413,354</td><td>71.15%</td></tr>
<tr><td>Investment</td><td>887</td><td>190,931,686</td><td>24.86</td></tr>
<tr><td>Second Home</td><td>144</td><td>30,641,591</td><td>3.99</td></tr>
<tr><td>Total:</td><td>2,910</td><td>$767,986,631</td><td>100.00%</td></tr>
</table>
*The occupancy status of a Mortgaged Property is as represented by the mortgagor in its loan application.</td></tr>
<tr><td>DBALT 2007-OA1</td><td>Prospectus Supplement dated 02/28/07 at 29:

Occupancy Status of the Mortgage Loans

<table>
<tr><th>Occupancy Status*</th><th>Number of Mortgage Loans</th><th>Aggregate Principal Balance Outstanding as of the Cut-Off Date</th><th>% of Aggregate Principal Balance Outstanding as of the Cut-Off Date</th></tr>
<tr><td>Primary</td><td>902</td><td>$353,044,650</td><td>80.34%</td></tr>
<tr><td>Investment</td><td>152</td><td>45,879,878</td><td>10.44</td></tr>
<tr><td>Second Home</td><td>110</td><td>40,488,232</td><td>9.21</td></tr>
<tr><td>Total:</td><td>1,164</td><td>$439,412,760</td><td>100.00%</td></tr>
</table>
*The occupancy status of a Mortgaged Property is as represented by the mortgagor in its loan application.</td></tr>
</table>

EXHIBIT D

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING OWNER OCCUPANCY
DBALT 2007-OA2	Prospectus Supplement dated 03/30/07 at S-35:

Occupancy Status of the Mortgage Loans

Occupancy Status*	Number of Mortgage Loans	Aggregate Principal Balance Outstanding as of the Cut-Off Date	% of Aggregate Principal Balance Outstanding as of the Cut-Off Date
Primary	1,158	$426,732,093	95.31%
Investment	78	20,021,955	4.47
Second Home	3	982,899	0.22
Total:	**1,239**	**$447,736,947**	**100.00%**

*The occupancy status of a Mortgaged Property is as represented by the mortgagor in its loan application.

EXHIBIT D

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING OWNER OCCUPANCY
DBALT 2007-OA4	Prospectus Supplement dated 06/29/07 at S-55:

Occupancy Status of the Group I Mortgage Loans

Occupancy Status*	Number of Mortgage Loans	Aggregate Principal Balance Outstanding as of the Cut-Off Date ($)	% of Aggregate Principal Balance of the Group I Mortgage Loans Outstanding as of the Cut-Off Date
Primary	2,652	1,440,208,450	86.62%
Investment	384	163,991,926	9.86
Second Home	106	58,382,890	3.51
Total:	**3,142**	**1,662,583,267**	**100.00%**

*The occupancy status of a Mortgaged Property is as represented by the mortgagor in its loan application.

Prospectus Supplement dated 06/29/07 at S-72:

Occupancy Status of the Group III Mortgage Loans

Occupancy Status*	Number of Mortgage Loans	Aggregate Principal Balance Outstanding as of the Cut-Off Date ($)	% of Aggregate Principal Balance of the Group III Mortgage Loans Outstanding as of the Cut-Off Date
Primary	647	181,074,372	67.10%
Investment	260	61,970,693	22.96
Second Home	102	26,816,930	9.94
Total:	**1,009**	**269,861,995**	**100.00%**

*The occupancy status of a Mortgaged Property is as represented by the mortgagor in its loan application.

EXHIBIT D

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS REGARDING OWNER OCCUPANCY</th></tr>
<tr><td>DMSI 2006-PR1</td><td>Private Placement Memorandum dated 11/30/06 at S-76:

Occupancy Status of the Group 5 Mortgage Loans

<table>
<tr><th>Occupancy Status*</th><th>Number of Mortgage Loans</th><th>Aggregate Principal Balance Outstanding as of the Cut-Off Date</th><th>% of Aggregate Principal Balance Outstanding as of the Cut-Off Date</th></tr>
<tr><td>Primary</td><td>8,134</td><td>$ 879,187,694</td><td>87.84%</td></tr>
<tr><td>Investment</td><td>774</td><td>83,846,973</td><td>8.38</td></tr>
<tr><td>Second Home</td><td>265</td><td>37,904,993</td><td>3.79</td></tr>
<tr><td>Total:</td><td>9,173</td><td>$1,000,939,660</td><td>100.00%</td></tr>
</table>
*The occupancy status of a Mortgaged Property is as represented by the mortgagor in its loan application.</td></tr>
<tr><td>INDX 2006-AR27</td><td>Prospectus Supplement dated 08/29/06 at S-43:

Occupancy Types for the Group 1 Mortgage Loans(1)

<table>
<tr><th>Occupancy Type</th><th>Number of Group 1 Mortgage Loans</th><th>Aggregate Principal Balance Outstanding</th><th>Percent of Aggregate Principal Balance Outstanding</th><th>Average Current Principal Balance</th><th>Weighted Average Mortgage Rate</th><th>Weighted Average FICO Credit Score</th><th>Weighted Average Loan-to-Value Ratio</th></tr>
<tr><td>Primary Home</td><td>1,827</td><td>$ 466,155,508.45</td><td>85.43%</td><td>$ 255,148.06</td><td>6.741%</td><td>705</td><td>76.89%</td></tr>
<tr><td>Investment</td><td>242</td><td>56,307,259.41</td><td>10.32</td><td>232,674.63</td><td>6.899</td><td>727</td><td>64.40</td></tr>
<tr><td>Secondary Home</td><td>108</td><td>23,206,527.99</td><td>4.25</td><td>214,875.26</td><td>6.956</td><td>719</td><td>72.31</td></tr>
<tr><td>Total</td><td>2,177</td><td>$ 545,669,295.85</td><td>100.00%</td><td></td><td></td><td></td><td></td></tr>
</table>
(1) Based upon representations of the related mortgagors at the time of origination.</td></tr>
</table>

EXHIBIT D

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS REGARDING OWNER OCCUPANCY</th></tr>
<tr><td>MHL 2007-1</td><td>Prospectus Supplement dated 05/31/07 at S-57:

Occupancy Status of the Initial Group II Mortgage Loans

<table>
<tr><th>Occupancy Status*</th><th>Number of Mortgage Loans</th><th>Aggregate Principal Balance Outstanding as of the Cut-Off Date</th><th>% of Aggregate Principal Balance Outstanding as of the Cut-Off Date</th></tr>
<tr><td>Primary</td><td>1,117</td><td>$ 574,444,149</td><td>87.28%</td></tr>
<tr><td>Investment</td><td>107</td><td>65,350,193</td><td>9.93</td></tr>
<tr><td>Second Home</td><td>24</td><td>18,363,560</td><td>2.79</td></tr>
<tr><td>Total:</td><td>1,248</td><td>$ 658,157,903</td><td>100.00%</td></tr>
</table>
*The occupancy status of a Mortgaged Property is as represented by the mortgagor in its loan application.</td></tr>
<tr><td>NHEL 2007-1</td><td>Prospectus Supplement dated 02/23/07 at S-65:

Occupancy Status of the Mortgaged Properties of the Group II Mortgage Loans

<table>
<tr><th>Occupancy Status</th><th>Number of Mortgage Loans</th><th>Aggregate Cut-off Date Principal Balance</th><th>Percentage of Aggregate Cut-off Date Principal Balance</th><th>Weighted Average Gross Coupon</th><th>Weighted Average Stated Remaining Term (Months)</th><th>Weighted Average Original LTV</th><th>Weighted Average FICO</th></tr>
<tr><td>Primary</td><td>4,019</td><td>$ 796,976,937.13</td><td>93.99%</td><td>8.848%</td><td>336</td><td>84.83%</td><td>632</td></tr>
<tr><td>Secondary</td><td>87</td><td>26,322,155.32</td><td>3.10</td><td>9.078</td><td>331</td><td>87.29</td><td>706</td></tr>
<tr><td>Investment (Non-Owner Occupied)</td><td>152</td><td>24,515,342.40</td><td>2.89</td><td>9.197</td><td>341</td><td>83.89</td><td>655</td></tr>
<tr><td>Investment (Owner Occupied)</td><td>1</td><td>131,120.13</td><td>0.02</td><td>7.500</td><td>304</td><td>75.00</td><td>663</td></tr>
<tr><td>Total</td><td>4,259</td><td>$ 847,945,554.98</td><td>100.00%</td><td>8.865%</td><td>336</td><td>84.88%</td><td>635</td></tr>
</table></td></tr>
</table>

EXHIBIT D

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS REGARDING OWNER OCCUPANCY</th></tr>
<tr><td>PHHAM 2007-2</td><td>Prospectus Supplement dated 04/25/07 at S-43:

Occupancy Status of the Group I Mortgage Loans

<table>
<tr><th>Occupancy Status*</th><th>Number of Group I Mortgage Loans</th><th>Aggregate Principal Balance Outstanding as of the Cut-Off Date</th><th>% of Aggregate Principal Balance Outstanding as of the Cut-Off Date</th></tr>
<tr><td>Primary</td><td>769</td><td>$255,693,937</td><td>77.59%</td></tr>
<tr><td>Investment</td><td>317</td><td>53,205,295</td><td>16.15</td></tr>
<tr><td>Second Home</td><td>67</td><td>20,638,907</td><td>6.26</td></tr>
<tr><td>Total:</td><td>1,153</td><td>$329,538,139</td><td>100.00%</td></tr>
</table>
*The occupancy status of a Mortgaged Property is as represented by the mortgagor in its loan application.</td></tr>
<tr><td>RALI 2007-QO2</td><td>Prospectus Supplement dated 02/26/07 at I-6:

Occupancy Types of the Mortgage Loans

<table>
<tr><th>Occupancy</th><th>Number of Mortgage Loans</th><th>Principal Balance</th><th>Percentage of Mortgage Loans</th><th>Average Principal Balance</th><th>Weighted Average Credit Score</th><th>Weighted Average Loan-to-Value Ratio</th></tr>
<tr><td>Primary Residence</td><td>1,187</td><td>$453,490,461</td><td>85.04%</td><td>$382,048</td><td>699</td><td>75.41%</td></tr>
<tr><td>Second/Vacation</td><td>93</td><td>27,868,592</td><td>5.23</td><td>299,662</td><td>717</td><td>77.25</td></tr>
<tr><td>Non-Owner Occupied</td><td>186</td><td>51,910,027</td><td>9.73</td><td>279,086</td><td>712</td><td>73.68</td></tr>
<tr><td>Total, Average or Weighted Average</td><td>1,466</td><td>$533,269,080</td><td>100.00%</td><td>$363,758</td><td>701</td><td>75.33%</td></tr>
</table></td></tr>
</table>

EXHIBIT D

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING OWNER OCCUPANCY
RAMP 2007-RS1	Prospectus Supplement dated 03/07/07 at III-5:

Occupancy Types of the Mortgage Loans

Occupancy Type	Number of Mortgage Loans	Principal Balance	Percentage of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Value Ratio
Primary Residence	1,148	$356,362,241	73.80%	$310,420	671	78.31%
Second/Vacation	84	32,607,789	6.75	388,188	696	78.11
Non-Owner Occupied	524	93,888,868	19.44	179,177	707	79.67
Total	1,756	$482,858,898	100.00%	$274,977	680	78.56%

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
ACE 2007-ASAP1	Prospectus Supplement dated 03/15/07 at S-165 – S-166: On the Closing Date, the Depositor will transfer to the trust all of its right, title and interest in and to each Mortgage Loan, the related mortgage note, mortgage, assignment of mortgage in recordable form in blank and other related documents (collectively, the "Related Documents"), including all scheduled payments with respect to each such Mortgage Loan due after the Cut-off Date. The Trustee, concurrently with such transfer, will deliver the certificates to the Depositor. Each Mortgage Loan transferred to the trust will be identified on a schedule (the "Mortgage Loan Schedule") delivered to the Trustee and the Servicer pursuant to the Pooling and Servicing Agreement. The Mortgage Loan Schedule will include information such as the principal balance of each Mortgage Loan as of the Cut-off Date, its Mortgage Rate as well as other information with respect to each Mortgage Loan. * * * The Sponsor will make certain representations and warranties as to the accuracy in all material respects of certain information furnished to the Trustee with respect to each Mortgage Loan. In addition, the Sponsor will represent and warrant, as of the Closing Date, that, among other things: (i) at the time of transfer to the Depositor, the Sponsor has transferred or assigned all of its right, title and interest in each Mortgage Loan and the Related Documents, free of any lien; (ii) each Mortgage Loan complied, at the time of origination, in all material respects with applicable state and federal laws including, but not limited to, predatory lending laws; (iii) the Mortgage Loans are not subject to the requirements of the Home Ownership and Equity Protection Act of 1994 and no Mortgage Loan is classified and/or defined as a "high cost", "covered" or "predatory" loan under any other federal, state or local law or ordinance or regulation including, but not limited to, the States of Georgia, Arkansas, Kentucky, New Jersey, New Mexico, Indiana or Illinois; and (iv) no proceeds from any Mortgage Loan were used to purchase single premium credit insurance policies as part of the origination of, or as a condition to closing, such Mortgage Loan. Upon discovery of a breach of any such representation and warranty which materially and adversely affects the interests of the certificateholders in the related Mortgage Loan and Related Documents, the Sponsor will have a period of 90 days after the earlier of discovery or receipt of written

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
	notice of the breach to effect a cure; provided, however that any breach of the representations and warranties set forth in clauses (ii), (iii) or (iv) above (or certain other representations and warranties made by the Sponsor with respect to any Group I Mortgage Loan), shall be deemed to materially and adversely affect the interests of the certificateholders in the related Group I Mortgage Loan. If the breach cannot be cured within the 90-day period, the Sponsor will be obligated to (i) substitute for such Deleted Mortgage Loan a Qualified Substitute Mortgage Loan or (ii) purchase such Deleted Mortgage Loan from the trust. The same procedure and limitations that are set forth above for the substitution or purchase of Deleted Mortgage Loans as a result of deficient documentation relating thereto will apply to the substitution or purchase of a Deleted Mortgage Loan as a result of a breach of a representation or warranty in the Mortgage Loan Purchase Agreement that materially and adversely affects the interests of the certificateholders. The Depositor will file the Mortgage Loan Purchase Agreement as an exhibit to the Pooling and Servicing Agreement with the Securities and Exchange Commission in a Current Report on Form 8-K.

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
ACE 2007-ASAP2	Prospectus Supplement dated 05/23/07 at S-168 – S-170: On the Closing Date, the Depositor will transfer to the trust all of its right, title and interest in and to each Mortgage Loan, the related mortgage note, mortgage, assignment of mortgage in recordable form in blank and other related documents (collectively, the "Related Documents"), including all scheduled payments with respect to each such Mortgage Loan due after the Cut-off Date. The Trustee, concurrently with such transfer, will deliver the certificates to the Depositor. Each Mortgage Loan transferred to the trust will be identified on a schedule (the "Mortgage Loan Schedule") delivered to the Trustee and the Servicer pursuant to the Pooling and Servicing Agreement. The Mortgage Loan Schedule will include information such as the principal balance of each Mortgage Loan as of the Cut-off Date, its Mortgage Rate as well as other information with respect to each Mortgage Loan. * * * The Sponsor will make certain representations and warranties as to the accuracy in all material respects of certain information furnished to the Trustee with respect to each Mortgage Loan. In addition, the Sponsor will represent and warrant, as of the Closing Date, that, among other things: (i) at the time of transfer to the Depositor, the Sponsor has transferred or assigned all of its right, title and interest in each Mortgage Loan and the Related Documents, free of any lien; (ii) each Mortgage Loan complied, at the time of origination, in all material respects with applicable state and federal laws including, but not limited to, predatory lending laws; (iii) the Mortgage Loans are not subject to the requirements of the Home Ownership and Equity Protection Act of 1994 and no Mortgage Loan is classified and/or defined as a "high cost", "covered" or "predatory" loan under any other federal, state or local law or ordinance or regulation including, but not limited to, the States of Georgia, Arkansas, Kentucky, New Jersey, New Mexico, Indiana or Illinois; and (iv) no proceeds from any Mortgage Loan were used to purchase single premium credit insurance policies as part of the origination of, or as a condition to closing, such Mortgage Loan. Upon discovery of a breach of any such representation and warranty which materially and adversely affects the interests of the certificateholders in the related Mortgage Loan and Related Documents, the Sponsor will have a period of 90 days after the earlier of discovery or receipt of written

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
	notice of the breach to effect a cure; provided, however that any breach of the representations and warranties set forth in clauses (ii), (iii) or (iv) above (or certain other representations and warranties made by the Sponsor with respect to any Group I Mortgage Loan), shall be deemed to materially and adversely affect the interests of the certificateholders in the related Group I Mortgage Loan. If the breach cannot be cured within the 90-day period, the Sponsor will be obligated to (i) substitute for such Deleted Mortgage Loan a Qualified Substitute Mortgage Loan or (ii) purchase such Deleted Mortgage Loan from the trust. The same procedure and limitations that are set forth above for the substitution or purchase of Deleted Mortgage Loans as a result of deficient documentation relating thereto will apply to the substitution or purchase of a Deleted Mortgage Loan as a result of a breach of a representation or warranty in the Mortgage Loan Purchase Agreement that materially and adversely affects the interests of the certificateholders. The Depositor will file the Mortgage Loan Purchase Agreement as an exhibit to the Pooling and Servicing Agreement with the Securities and Exchange Commission in a Current Report on Form 8-K.

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
ACE 2007-WM1	Prospectus Supplement dated 01/26/07 at S-161 – S-162: On the Closing Date, the Depositor will transfer to the trust all of its right, title and interest in and to each Mortgage Loan, the related mortgage note, mortgage, assignment of mortgage in recordable form in blank and other related documents (collectively, the "Related Documents"), including all scheduled payments with respect to each such Mortgage Loan due after the Cut-off Date. The Trustee, concurrently with such transfer, will deliver the certificates to the Depositor. Each Mortgage Loan transferred to the trust will be identified on a schedule (the "Mortgage Loan Schedule") delivered to the Trustee and the Servicer pursuant to the Pooling and Servicing Agreement. The Mortgage Loan Schedule will include information such as the principal balance of each Mortgage Loan as of the Cut-off Date, its Mortgage Rate as well as other information with respect to each Mortgage Loan. * * * The Sponsor will make certain representations and warranties as to the accuracy in all material respects of certain information furnished to the Trustee with respect to each Mortgage Loan. In addition, the Sponsor will represent and warrant, as of the Closing Date, that, among other things: (i) at the time of transfer to the Depositor, the Sponsor has transferred or assigned all of its right, title and interest in each Mortgage Loan and the Related Documents, free of any lien; (ii) each Mortgage Loan complied, at the time of origination, in all material respects with applicable state and federal laws including, but not limited to, predatory lending laws; (iii) the Mortgage Loans are not subject to the requirements of the Home Ownership and Equity Protection Act of 1994 and no Mortgage Loan is classified and/or defined as a "high cost", "covered" or "predatory" loan under any other federal, state or local law or ordinance or regulation including, but not limited to, the States of Georgia, Arkansas, Kentucky, New Jersey, New Mexico, Indiana or Illinois; and (iv) no proceeds from any Mortgage Loan were used to purchase single premium credit insurance policies as part of the origination of, or as a condition to closing, such Mortgage Loan. Upon discovery of a breach of any such representation and warranty which materially and adversely affects the interests of the certificateholders in the related Mortgage Loan and Related Documents, the Sponsor will have a period of 90 days after the earlier of discovery or receipt of written

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
	notice of the breach to effect a cure; provided, however that any breach of the representations and warranties set forth in clauses (ii), (iii) or (iv) above (or certain other representations and warranties made by the Sponsor with respect to any Group I Mortgage Loan), shall be deemed to materially and adversely affect the interests of the certificateholders in the related Group I Mortgage Loan. If the breach cannot be cured within the 90-day period, the Sponsor will be obligated to (i) substitute for such Deleted Mortgage Loan a Qualified Substitute Mortgage Loan or (ii) purchase such Deleted Mortgage Loan from the trust. The same procedure and limitations that are set forth above for the substitution or purchase of Deleted Mortgage Loans as a result of deficient documentation relating thereto will apply to the substitution or purchase of a Deleted Mortgage Loan as a result of a breach of a representation or warranty in the Mortgage Loan Purchase Agreement that materially and adversely affects the interests of the certificateholders. The Depositor will file the mortgage loan purchase agreement as an exhibit to the Pooling and Servicing Agreement with the Securities and Exchange Commission in a Current Report on Form 8-K.

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
DBALT 2006-AR4	Prospectus Supplement dated 09/28/06 at S-93: The depositor will acquire all of the Mortgage Loans included in the Mortgage Pool pursuant to a mortgage loan purchase agreement, the ("**Mortgage Loan Purchase Agreement**"), to be dated as of September 29, 2006, between the sponsor and the depositor. The Mortgage Loans were previously purchased by the sponsor either directly or indirectly from the originators. See "Description of the Mortgage Pool–Underwriting Standards" in this prospectus supplement. Pursuant to the terms of the Mortgage Loan Purchase Agreement, the sponsor will make certain representations and warranties with respect to the Mortgage Loans, which the depositor will assign to the trustee for the benefit of the certificateholders. If the sponsor breaches any of the representations and warranties with respect to any Mortgage Loan which materially and adversely affects (i) the value of any of the Mortgage Loans actually delivered or (ii) the interests of the certificateholders therein, the sponsor will be obligated to cure such breach in all material respects or repurchase the Mortgage Loan or any property acquired in respect thereof. In addition, the depositor will make representations and warranties regarding the Mortgage Loans in the Pooling and Servicing Agreement, but its assignment of the Mortgage Loans to the trustee will be without recourse and the depositor's obligations relating to the Mortgage Loans will be limited to the representations and warranties made by it under the Pooling and Servicing Agreement. If the depositor breaches any of the representations and warranties with respect to any Mortgage Loan which breach materially and adversely affects the interests of the certificateholders in the related Mortgage Loan, the depositor will be obligated to cure such breach in all material respects or repurchase the Mortgage Loan or any property acquired in respect thereof.

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
	On the Closing Date, the depositor will transfer to the trust all of its right, title and interest in and to each Initial Mortgage Loan, the related mortgage note, mortgage, assignment of mortgage in recordable form to the trustee and other related documents (collectively, the "**Related Documents**"), including all scheduled payments with respect to each such Mortgage Loan due after the applicable cut-off date. The trustee, concurrently with such transfer, will deliver the certificates to the depositor. Each Mortgage Loan transferred to the trust will be identified on a schedule delivered to the trustee pursuant to the Pooling and Servicing Agreement. The mortgage loan schedule will include information such as the principal balance of each Mortgage Loan as of the applicable cut-off date, its mortgage interest rate as well as other information with respect to each Mortgage Loan.

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
DBALT 2006-AR6	Prospectus Supplement dated 12/14/06 at S-87: The depositor will acquire all of the Mortgage Loans included in the Mortgage Pool pursuant to a mortgage loan purchase agreement, the ("**Mortgage Loan Purchase Agreement**"), to be dated as of December 15, 2006, between the sponsor and the depositor. The Mortgage Loans were previously purchased by the sponsor either directly or indirectly from the originators. See "Description of the Mortgage Pool–Underwriting Standards" in this prospectus supplement. Pursuant to the terms of the Mortgage Loan Purchase Agreement, the sponsor will make certain representations and warranties with respect to the Mortgage Loans, which the depositor will assign to the trustee for the benefit of the certificateholders. If the sponsor breaches any of the representations and warranties with respect to any Mortgage Loan which materially and adversely affects (i) the value of any of the Mortgage Loans actually delivered or (ii) the interests of the certificateholders therein, the sponsor will be obligated to cure such breach in all material respects or repurchase the Mortgage Loan or any property acquired in respect thereof. In addition, the depositor will make representations and warranties regarding the Mortgage Loans in the Pooling and Servicing Agreement, but its assignment of the Mortgage Loans to the trustee will be without recourse and the depositor's obligations relating to the Mortgage Loans will be limited to the representations and warranties made by it under the Pooling and Servicing Agreement. If the depositor breaches any of the representations and warranties with respect to any Mortgage Loan which breach materially and adversely affects the interests of the certificateholders in the related Mortgage Loan, the depositor will be obligated to cure such breach in all material respects or repurchase the Mortgage Loan or any property acquired in respect thereof.

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
	On the Closing Date, the depositor will transfer to the trust all of its right, title and interest in and to each Initial Mortgage Loan, the related mortgage note, mortgage, assignment of mortgage in recordable form to the trustee and other related documents (collectively, the "**Related Documents**"), including all scheduled payments with respect to each such Mortgage Loan due after the Cut-Off Date. The trustee, concurrently with such transfer, will deliver the certificates to the depositor. Each Mortgage Loan transferred to the trust will be identified on a schedule delivered to the trustee pursuant to the Pooling and Servicing Agreement. The mortgage loan schedule will include information such as the principal balance of each Mortgage Loan as of the Cut-Off Date or Subsequent Cut- Off Date, as applicable, its mortgage interest rate as well as other information with respect to each Mortgage Loan.

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
DBALT 2007-1	Prospectus Supplement dated 06/29/07 at S-165 – S-166: The depositor will acquire all of the Initial Mortgage Loans included in the Mortgage Pool pursuant to a mortgage loan purchase agreement, the ("**Initial Mortgage Loan Purchase Agreement**"), to be dated as of June 29, 2007, between the sponsor and the depositor. The Initial Mortgage Loans were previously purchased by the sponsor either directly or indirectly from the originators. See "Description of the Mortgage Pool–Underwriting Standards" in this prospectus supplement. The depositor will acquire all of the Subsequent Mortgage Loans to be included in the Mortgage Pool pursuant to a subsequent mortgage loan purchase agreement, the ("**Subsequent Mortgage Loan Purchase Agreement**" and together with the Initial Mortgage Loan Purchase Agreement, the "**Mortgage Loan Purchase Agreements**"), which is expected to be dated as of August 17, 2007, between the sponsor and the depositor. The Subsequent Mortgage Loans will have been purchased by the sponsor either directly or indirectly from the originators. See "Description of the Mortgage Pool–Underwriting Standards" in this prospectus supplement. Pursuant to the terms of the Mortgage Loan Purchase Agreements, the sponsor will make certain representations and warranties with respect to the Mortgage Loans, which the depositor will assign to the trustee for the benefit of the certificateholders. If the sponsor breaches any of the representations and warranties with respect to any Mortgage Loan which materially and adversely affects (i) the value of any of the Mortgage Loans actually delivered or (ii) the interests of the certificateholders therein (with respect to the Class I-A-4A Certificates, without regard to the Class I-A-4A Certificate Insurance Policy), the sponsor will be obligated to cure such breach in all material respects or repurchase the Mortgage Loan or any property acquired in respect thereof.

EXHIBIT E

SECURITIZATION	**FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE**
	* * * On the Closing Date, the depositor will transfer to the trust all of its right, title and interest in and to each Mortgage Loan, the related mortgage note, mortgage, assignment of mortgage in recordable form to the trustee and other related documents (collectively, the "**Related Documents**"), including all scheduled payments with respect to each such Mortgage Loan due after the Cut-Off Date. The trustee, concurrently with such transfer, will deliver the certificates to the depositor. Each Mortgage Loan transferred to the trust will be identified on a schedule delivered to the trustee and the Class I-A-4A Certificate Insurer pursuant to the Pooling and Servicing Agreement. The mortgage loan schedule will include information such as the principal balance of each Mortgage Loan as of the Cut- Off Date or Subsequent Cut-Off Date, as applicable, its mortgage interest rate as well as other information with respect to each Mortgage Loan.

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
DBALT 2007-AR1	Prospectus Supplement dated 01/29/07 at S-98: The depositor will acquire all of the Mortgage Loans included in the Mortgage Pool pursuant to a mortgage loan purchase agreement, the ("**Mortgage Loan Purchase Agreement**"), to be dated as of January 31, 2007, between the sponsor and the depositor. The Mortgage Loans were previously purchased by the sponsor either directly or indirectly from the originators. See "The Originators" in this prospectus supplement. Pursuant to the terms of the Mortgage Loan Purchase Agreement, the sponsor will make certain representations and warranties with respect to the Mortgage Loans, which the depositor will assign to the trustee for the benefit of the certificateholders. If the sponsor breaches any of the representations and warranties with respect to any Mortgage Loan which materially and adversely affects (i) the value of any of the Mortgage Loans actually delivered or (ii) the interests of the certificateholders therein, the sponsor will be obligated to cure such breach in all material respects or repurchase the Mortgage Loan or any property acquired in respect thereof. In addition, the depositor will make representations and warranties regarding the Mortgage Loans in the Pooling and Servicing Agreement, but its assignment of the Mortgage Loans to the trustee will be without recourse and the depositor's obligations relating to the Mortgage Loans will be limited to the representations and warranties made by it under the Pooling and Servicing Agreement. If the depositor breaches any of the representations and warranties with respect to any Mortgage Loan which breach materially and adversely affects the interests of the certificateholders in the related Mortgage Loan, the depositor will be obligated to cure such breach in all material respects or repurchase the Mortgage Loan or any property acquired in respect thereof.

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
	On the Closing Date, the depositor will transfer to the trust all of its right, title and interest in and to each Initial Mortgage Loan, the related mortgage note, mortgage, assignment of mortgage in recordable form to the trustee and other related documents (collectively, the "**Related Documents**"), including all scheduled payments with respect to each such Mortgage Loan due after the Cut-Off Date. The trustee, concurrently with such transfer, will deliver the certificates to the depositor. Each Mortgage Loan transferred to the trust will be identified on a schedule delivered to the trustee pursuant to the Pooling and Servicing Agreement. The mortgage loan schedule will include information such as the principal balance of each Mortgage Loan as of the Cut-Off Date or Subsequent Cut- Off Date, as applicable, its mortgage interest rate as well as other information with respect to each Mortgage Loan.

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
DBALT 2007-AR2	Prospectus Supplement dated 02/26/07 at S-88: The depositor will acquire all of the Mortgage Loans included in the Mortgage Pool pursuant to a mortgage loan purchase agreement, the ("**Mortgage Loan Purchase Agreement**"), to be dated as of February 28, 2007, between the sponsor and the depositor. The Mortgage Loans were previously purchased by the sponsor either directly or indirectly from the originators. See "The Originators" in this prospectus supplement. Pursuant to the terms of the Mortgage Loan Purchase Agreement, the sponsor will make certain representations and warranties with respect to the Mortgage Loans, which the depositor will assign to the trustee for the benefit of the certificateholders. If the sponsor breaches any of the representations and warranties with respect to any Mortgage Loan which materially and adversely affects (i) the value of any of the Mortgage Loans actually delivered or (ii) the interests of the certificateholders therein, the sponsor will be obligated to cure such breach in all material respects or repurchase the Mortgage Loan or any property acquired in respect thereof. In addition, the depositor will make representations and warranties regarding the Mortgage Loans in the Pooling and Servicing Agreement, but its assignment of the Mortgage Loans to the trustee will be without recourse and the depositor's obligations relating to the Mortgage Loans will be limited to the representations and warranties made by it under the Pooling and Servicing Agreement. If the depositor breaches any of the representations and warranties with respect to any Mortgage Loan which breach materially and adversely affects the interests of the certificateholders in the related Mortgage Loan, the depositor will be obligated to cure such breach in all material respects or repurchase the Mortgage Loan or any property acquired in respect thereof.

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
	On the Closing Date, the depositor will transfer to the trust all of its right, title and interest in and to each Initial Mortgage Loan, the related mortgage note, mortgage, assignment of mortgage in recordable form to the trustee and other related documents (collectively, the "**Related Documents**"), including all scheduled payments with respect to each such Mortgage Loan due after the Cut-Off Date. The trustee, concurrently with such transfer, will deliver the certificates to the depositor. Each Mortgage Loan transferred to the trust will be identified on a schedule delivered to the trustee pursuant to the Pooling and Servicing Agreement. The mortgage loan schedule will include information such as the principal balance of each Mortgage Loan as of the Cut-Off Date or Subsequent Cut- Off Date, as applicable, its mortgage interest rate as well as other information with respect to each Mortgage Loan.

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
DBALT 2007-BAR1	Prospectus Supplement dated 02/26/07 at S-84: The depositor will acquire all of the Mortgage Loans included in the Mortgage Pool pursuant to a mortgage loan purchase agreement, the ("**Mortgage Loan Purchase Agreement**"), to be dated as of February 27, 2007, between the sponsor and the depositor. The Mortgage Loans were previously purchased by the sponsor either directly or indirectly from the originators. See "The Originators" in this prospectus supplement. Pursuant to the terms of the Mortgage Loan Purchase Agreement, the sponsor will make certain representations and warranties with respect to the Mortgage Loans, which the depositor will assign to the trustee for the benefit of the certificateholders. If the sponsor breaches any of the representations and warranties with respect to any Mortgage Loan which materially and adversely affects (i) the value of any of the Mortgage Loans actually delivered or (ii) the interests of the certificateholders therein, the sponsor will be obligated to cure such breach in all material respects or repurchase the Mortgage Loan or any property acquired in respect thereof. In addition, the depositor will make representations and warranties regarding the Mortgage Loans in the Pooling and Servicing Agreement, but its assignment of the Mortgage Loans to the trustee will be without recourse and the depositor's obligations relating to the Mortgage Loans will be limited to the representations and warranties made by it under the Pooling and Servicing Agreement. If the depositor breaches any of the representations and warranties with respect to any Mortgage Loan which breach materially and adversely affects the interests of the certificateholders in the related Mortgage Loan, the depositor will be obligated to cure such breach in all material respects or repurchase the Mortgage Loan or any property acquired in respect thereof.

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
	On the Closing Date, the depositor will transfer to the trust all of its right, title and interest in and to each Mortgage Loan, the related mortgage note, mortgage, assignment of mortgage in recordable form to the trustee and other related documents (collectively, the "**Related Documents**"), including all scheduled payments with respect to each such Mortgage Loan due after the Cut-Off Date. The trustee, concurrently with such transfer, will deliver the certificates to the depositor. Each Mortgage Loan transferred to the trust will be identified on a schedule delivered to the trustee pursuant to the Pooling and Servicing Agreement. The mortgage loan schedule will include information such as the principal balance of each Mortgage Loan as of the Cut-Off Date or Subsequent Cut-Off Date, as applicable, its mortgage interest rate as well as other information with respect to each Mortgage Loan.

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
DBALT 2007-OA1	Prospectus Supplement dated 02/28/07 at 85-86 of 221: The depositor will acquire all of the Mortgage Loans included in the Mortgage Pool pursuant to a mortgage loan purchase agreement, the ("**Mortgage Loan Purchase Agreement**"), to be dated as of February 28, 2007, between the sponsor and the depositor. The Mortgage Loans were previously purchased by the sponsor either directly or indirectly from the originators. See "Description of the Mortgage Pool–Underwriting Standards" in this prospectus supplement. Pursuant to the terms of the Mortgage Loan Purchase Agreement, the sponsor will make certain representations and warranties with respect to the Mortgage Loans, which the depositor will assign to the trustee for the benefit of the certificateholders. If the sponsor breaches any of the representations and warranties with respect to any Mortgage Loan which materially and adversely affects (i) the value of any of the Mortgage Loans actually delivered or (ii) the interests of the certificateholders therein, the sponsor will be obligated to cure such breach in all material respects or repurchase the Mortgage Loan or any property acquired in respect thereof. In addition, the depositor will make representations and warranties regarding the Mortgage Loans in the Pooling and Servicing Agreement, but its assignment of the Mortgage Loans to the trustee will be without recourse and the depositor's obligations relating to the Mortgage Loans will be limited to the representations and warranties made by it under the Pooling and Servicing Agreement. If the depositor breaches any of the representations and warranties with respect to any Mortgage Loan which breach materially and adversely affects the interests of the certificateholders in the related Mortgage Loan, the depositor will be obligated to cure such breach in all material respects or repurchase the Mortgage Loan or any property acquired in respect thereof.

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
	On the Closing Date, the depositor will transfer to the trust all of its right, title and interest in and to each Mortgage Loan, the related mortgage note, mortgage, assignment of mortgage in recordable form to the trustee and other related documents (collectively, the "**Related Documents**"), including all scheduled payments with respect to each such Mortgage Loan due after the Cut-Off Date. The trustee, concurrently with such transfer, will deliver the certificates to the depositor. Each Mortgage Loan transferred to the trust will be identified on a schedule delivered to the trustee pursuant to the Pooling and Servicing Agreement. The mortgage loan schedule will include information such as the principal balance of each Mortgage Loan as of the Cut-Off Date or Subsequent Cut-Off Date, as applicable, its mortgage interest rate as well as other information with respect to each Mortgage Loan.

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
DBALT 2007-OA2	Prospectus Supplement dated 03/30/07 at S-103: The depositor will acquire all of the Mortgage Loans included in the Mortgage Pool pursuant to a mortgage loan purchase agreement, the ("**Mortgage Loan Purchase Agreement**"), to be dated as of March 30, 2007, between the sponsor and the depositor. The Mortgage Loans were previously purchased by the sponsor either directly or indirectly from the originators. See "Description of the Mortgage Pool–Underwriting Standards" in this prospectus supplement. Pursuant to the terms of the Mortgage Loan Purchase Agreement, the sponsor will make certain representations and warranties with respect to the Mortgage Loans, which the depositor will assign to the trustee for the benefit of the certificateholders. If the sponsor breaches any of the representations and warranties with respect to any Mortgage Loan which materially and adversely affects (i) the value of any of the Mortgage Loans actually delivered or (ii) the interests of the certificateholders therein, the sponsor will be obligated to cure such breach in all material respects or repurchase the Mortgage Loan or any property acquired in respect thereof. In addition, the depositor will make representations and warranties regarding the Mortgage Loans in the Pooling and Servicing Agreement, but its assignment of the Mortgage Loans to the trustee will be without recourse and the depositor's obligations relating to the Mortgage Loans will be limited to the representations and warranties made by it under the Pooling and Servicing Agreement. If the depositor breaches any of the representations and warranties with respect to any Mortgage Loan which breach materially and adversely affects the interests of the certificateholders in the related Mortgage Loan, the depositor will be obligated to cure such breach in all material respects or repurchase the Mortgage Loan or any property acquired in respect thereof.

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
	On the Closing Date, the depositor will transfer to the trust all of its right, title and interest in and to each Mortgage Loan, the related mortgage note, mortgage, assignment of mortgage in recordable form to the trustee and other related documents (collectively, the "**Related Documents**"), including all scheduled payments with respect to each such Mortgage Loan due after the Cut-Off Date. The trustee, concurrently with such transfer, will deliver the certificates to the depositor. Each Mortgage Loan transferred to the trust will be identified on a schedule delivered to the trustee pursuant to the Pooling and Servicing Agreement. The mortgage loan schedule will include information such as the principal balance of each Mortgage Loan as of the Cut-Off Date or Subsequent Cut-Off Date, as applicable, its mortgage interest rate as well as other information with respect to each Mortgage Loan.

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
DBALT 2007-OA4	Prospectus Supplement dated 06/29/07 at S-154: The depositor will acquire all of the Mortgage Loans included in the Mortgage Pool pursuant to a mortgage loan purchase agreement, the ("**Mortgage Loan Purchase Agreement**"), to be dated as of June 29, 2007, between the sponsor and the depositor. The Mortgage Loans were previously purchased by the sponsor either directly or indirectly from the originators. See "Description of the Mortgage Pool–Underwriting Standards" in this prospectus supplement. Pursuant to the terms of the Mortgage Loan Purchase Agreement, the sponsor will make certain representations and warranties with respect to the Mortgage Loans, which the depositor will assign to the trustee for the benefit of the certificateholders. If the sponsor breaches any of the representations and warranties with respect to any Mortgage Loan which materially and adversely affects (i) the value of any of the Mortgage Loans actually delivered or (ii) the interests of the certificateholders therein, the sponsor will be obligated to cure such breach in all material respects or repurchase the Mortgage Loan or any property acquired in respect thereof. In addition, the depositor will make representations and warranties regarding the Mortgage Loans in the Pooling and Servicing Agreement, but its assignment of the Mortgage Loans to the trustee will be without recourse and the depositor's obligations relating to the Mortgage Loans will be limited to the representations and warranties made by it under the Pooling and Servicing Agreement. If the depositor breaches any of the representations and warranties with respect to any Mortgage Loan which breach materially and adversely affects the interests of the certificateholders in the related Mortgage Loan, the depositor will be obligated to cure such breach in all material respects or repurchase the Mortgage Loan or any property acquired in respect thereof.

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
	On the Closing Date, the depositor will transfer to the trust all of its right, title and interest in and to each Mortgage Loan, the related mortgage note, mortgage, assignment of mortgage in recordable form to the trustee and other related documents (collectively, the "**Related Documents**"), including all scheduled payments with respect to each such Mortgage Loan due after the Cut-Off Date. The trustee, concurrently with such transfer, will deliver the certificates to the depositor. Each Mortgage Loan transferred to the trust will be identified on a schedule delivered to the trustee pursuant to the Pooling and Servicing Agreement. The mortgage loan schedule will include information such as the principal balance of each Mortgage Loan as of the Cut-Off Date, as applicable, its mortgage interest rate as well as other information with respect to each Mortgage Loan.

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
INDX 2006-AR27	Prospectus Supplement dated 08/29/06 at S-65: Pursuant to the pooling and servicing agreement, on the closing date the depositor will assign without recourse to the trustee in trust for the benefit of the certificateholders all interest of the depositor in each Mortgage Loan and all interest in all other assets included in IndyMac INDX Mortgage Loan Trust 2006-AR27. This assignment will include all scheduled payments received on account of the Mortgage Loans that were due after the Cut-off Date but will not include any scheduled payments due on or before the Cut-off Date. In connection with the assignment of the Mortgage Loans, the depositor will deliver or cause to be delivered to the trustee the mortgage file, which contains among other things, the original mortgage note (and any modification or amendment to it) endorsed in blank without recourse, except that the depositor may deliver or cause to be delivered a lost note affidavit in lieu of any original mortgage note that has been lost, the original mortgage creating a first lien on the related mortgaged property with evidence of recording indicated thereon, an assignment in recordable form of the mortgage, the title policy with respect to the related mortgaged property and, if applicable, all recorded intervening assignments of the mortgage and any riders or modifications to the mortgage note and mortgage (except for any documents not returned from the public recording office, which will be delivered to the trustee as soon as they are available to the depositor). With respect to up to 30% of the Mortgage Loans in each loan group, the depositor may deliver all or a portion of each related mortgage file to the trustee not later than five business days after the closing date. Assignments of the Mortgage Loans to the trustee (or its nominee) generally will not be recorded in a public office for real property records in California and other states where, in the opinion of counsel, recording is not required to protect the trustee's interest in the Mortgage Loan against the claim of any subsequent transferee or any successor to or creditor of the depositor or the seller. Under certain circumstances specified in the pooling and servicing agreement, the assignments will be recorded (at the Servicer's expense).

EXHIBIT E

SECURITIZATION	**FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE**
	Pros. Supp. at S-66: Notwithstanding the foregoing, in lieu of providing the duly executed assignment of the mortgage to the trustee and the original recorded assignment or assignments of the mortgage together with all interim recorded assignments of such mortgage, above, the depositor may at its discretion provide evidence that the related mortgage is held through the MERS® System. In addition, the mortgages for some or all of the Mortgage Loans in the issuing entity that are not already held through the MERS® System may, at the discretion of the Servicer, in the future be held through the MERS® System. For any mortgage held through the MERS® System, the mortgage is recorded in the name of Mortgage Electronic Registration Systems, Inc., or MERS, as nominee for the owner of the Mortgage Loan, and subsequent assignments of the mortgage were, or in the future may be, at the discretion of the Servicer, registered electronically through the MERS® System. For each of the Mortgage Loans, MERS serves as mortgagee of record on the mortgage solely as a nominee in an administrative capacity on behalf of the trustee, and does not have any interest in the Mortgage Loan.

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
DMSI 2006-PR1	Private Placement Memorandum dated 11/30/06 at S-131: The Depositor will acquire all of the Mortgage Loans included in the Mortgage Pool and the Underlying Certificates pursuant to an asset purchase agreement, the ("Asset Purchase Agreement"), to be dated as of November 30, 2006, between the Seller and the Depositor. The Mortgage Loans were previously purchased by the Seller from the Originator. See "Description of the Mortgage Pool—Underwriting Standards" in this Memorandum. Pursuant to the terms of the Asset Purchase Agreement, the Seller will make certain representations and warranties with respect to the Mortgage Loans and the Underlying Certificates which the Depositor will assign to the Trustee for the benefit of the holders of the Series 2006-PR1 Certificates and the Class R Certificates and the Insurer. If the Seller breaches any of the representations and warranties with respect to any Mortgage Loan or Underlying Certificate which materially and adversely affects (i) the value of any of the Mortgage Loans or the Underlying Certificates or (ii) the interests of the related certificateholders therein and the Insurer, the Seller will be obligated to cure such breach in all material respects or shall repurchase the Mortgage Loan or any property acquired in respect thereof or such Underlying Certificate. In addition, the Depositor will make representations and warranties regarding the Mortgage Loans in the Pooling and Servicing Agreement but its assignment of the Mortgage Loans to the Trustee will be without recourse and the Depositor's obligations relating to the Mortgage Loans will be limited to the representations and warranties made by it under the Pooling and Servicing Agreement. If the Depositor breaches any of the representations and warranties with respect to any Mortgage Loan which breach materially and adversely affects the interests of the certificateholders and the Insurer in the related Mortgage Loan, the Depositor will be obligated to cure such breach in all material respects or shall repurchase the Mortgage Loan or any property acquired in respect thereof.

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
	On the Closing Date, the Depositor will transfer to the trust all of its right, title and interest in and to each Underlying Certificate and each Mortgage Loan, the related mortgage note, mortgage, assignment of mortgage in recordable form to the Trustee and other related documents (collectively, the "Related Documents"), including all scheduled payments with respect to each such Mortgage Loan due after the Cut-Off Date. The Trustee, concurrently with such transfer, will deliver the Series 2006-PR1 Certificates and the Class R Certificates to the Depositor. Each Mortgage Loan transferred to the trust will be identified on a schedule delivered to the Trustee pursuant to the Pooling and Servicing Agreement. The mortgage loan schedule will include information such as the principal balance of each Mortgage Loan as of the Cut-Off Date, its mortgage interest rate as well as other information with respect to each Mortgage Loan.

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
MHL 2007-1	Prospectus Supplement dated 05/31/07 at S-126: The depositor will acquire all of the Mortgage Loans included in the Mortgage Pool pursuant to a mortgage loan purchase agreement, the ("**Mortgage Loan Purchase Agreement**"), to be dated as of May 31, 2007, between the sponsor and the depositor. The Mortgage Loans were previously purchased by the sponsor either directly or indirectly from the originator. See "The Originator" in this prospectus supplement. Pursuant to the terms of the Mortgage Loan Purchase Agreement, the sponsor will make certain representations and warranties with respect to the Mortgage Loans, which the depositor will assign to the trustee for the benefit of the certificateholders. If the sponsor breaches any of the representations and warranties with respect to any Mortgage Loan which materially and adversely affects (i) the value of any of the Mortgage Loans actually delivered or (ii) the interests of the certificateholders therein, the sponsor will be obligated to cure such breach in all material respects or repurchase the Mortgage Loan or any property acquired in respect thereof. * * * On the Closing Date, the depositor will transfer to the trust all of its right, title and interest in and to each Initial Mortgage Loan, the related mortgage note, mortgage, assignment of mortgage in recordable form to the trustee and other related documents (collectively, the "**Related Documents**"), including all scheduled payments with respect to each such Mortgage Loan due after the Cut-Off Date. The trustee, concurrently with such transfer, will deliver the certificates to the depositor. Each Mortgage Loan transferred to the trust will be identified on a schedule delivered to the trustee pursuant to the Pooling and Servicing Agreement. The mortgage loan schedule will include information such as the principal balance of each Mortgage Loan as of the Cut-Off Date or Subsequent Cut- Off Date, as applicable, its mortgage interest rate as well as other information with respect to each Mortgage Loan.

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
NHEL 2007-1	Prospectus Supplement dated 02/23/07 at S-133-S-134: The sponsor will deliver to the custodian the mortgage files, which consist of the mortgage notes endorsed by the sponsor, or the last holder of record, without recourse to the trustee, the related mortgages or deeds of trust, all intervening mortgage assignments, if any, and certain other documents relating to the mortgage loans. The sponsor will be required to cause to be prepared and recorded, at its expense and within the time period specified in the purchase agreement, assignments of the mortgages from the sponsor, or the last holder of record, to the trustee. The custodian, on behalf of the trustee, will review the mortgage files delivered to it within 45 days after delivery, and if any document required to be included in any mortgage file is found to be missing or to be defective in any material respect and such defect is not cured within 45 days following notification thereof to the sponsor, the custodian will inform the trustee and the trustee will require either that the related mortgage loan be removed from the mortgage pool or that a mortgage loan conforming to the requirements of the pooling and servicing agreement be substituted for the related mortgage loan within 90 days. In connection with the transfer of the mortgage loans pursuant to the purchase agreement, the sponsor will make certain representations and warranties as to the accuracy in all material respects of the information set forth on a schedule identifying and describing each mortgage loan. In addition, the sponsor will make certain other representations and warranties regarding the mortgage loans, including, for instance, that each mortgage loan, at its origination, complied in all material respects with applicable state and federal laws, that each mortgage is a valid first or second priority lien, that, as of the applicable cut-off date, no mortgage loan included in the mortgage pool as of the closing date was more than 89 days past due, that each mortgaged property consists of a manufactured dwelling, a multi-unit dwelling, unit in a condominium, planned unit development or a single family residence, that the sponsor had good title to each mortgage loan prior to such transfer and that the originator was authorized to originate each mortgage loan. The trustee will be entitled to enforce remedies for breaches of these representations and warranties.

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
PHHAM 2007-2	Prospectus Supplement dated 04/25/2007 at S-140: The depositor will acquire all of the Mortgage Loans included in the Mortgage Pool pursuant to the Mortgage Loan Purchase and Servicing Agreement. See "Description of the Mortgage Pool–Underwriting Standards" in this prospectus supplement. Pursuant to the Mortgage Loan Purchase and Servicing Agreement, the sponsor and Bishop's Gate Residential Mortgage Trust will make certain representations and warranties with respect to the related Mortgage Loans. Subsequently, the depositor will assign such representations and warranties to the trustee for the benefit of the certificateholders. If either Seller breaches any of its representations and warranties with respect to any Mortgage Loan which materially and adversely affects (i) the value of any of the mortgage loans actually delivered or (ii) the interests of the certificateholders therein, PHH Mortgage, as sponsor (or Bishop's Gate with respect to certain representations and warranties related to title made by Bishop's Gate), will be obligated to cure such breach in all material respects or repurchase the mortgage loan or any property acquired in respect thereof or substitute therefor. On the Closing Date, the depositor will transfer to the trust all of its right, title and interest in and to each Mortgage Loan, the related mortgage note, mortgage, assignment of mortgage in recordable form to the trustee and other related documents (collectively, the "**Related Documents**"), including all scheduled payments with respect to each such Mortgage Loan due after the cut-off date. The trustee, concurrently with such transfer, will deliver the certificates to the depositor. Each Mortgage Loan transferred to the trust will be identified on a schedule delivered to the trustee pursuant to the Pooling and Servicing Agreement. The Mortgage Loan schedule will include information such as the principal balance of each Mortgage Loan as of the applicable cut-off date, its mortgage interest rate as well as other information with respect to each Mortgage Loan.

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
RALI 2007-QO2	Prospectus Supplement dated 02/26/07 at S-34: The pooling and servicing agreement provides that the depositor assigns to the trustee for the benefit of the certificateholders without recourse all the right, title and interest of the depositor in and to the mortgage loans. Furthermore, the pooling and servicing agreement states that, although it is intended that the conveyance by the depositor to the trustee of the mortgage loans be construed as a sale, the conveyance of the mortgage loans shall also be deemed to be a grant by the depositor to the trustee of a security interest in the mortgage loans and related collateral. Prospectus Supplement at S-42: The depositor and Residential Funding will make certain limited representations and warranties regarding the mortgage loans as of the date of issuance of the certificates. The depositor and Residential Funding will be required to repurchase or substitute for any mortgage loan as to which a breach of its representations and warranties with respect to that mortgage loan occurs, if such breach materially and adversely affects the interests of the certificateholders in any of those mortgage loans. Residential Funding will not assign to the depositor, and consequently the depositor will not assign to the trustee for the benefit of the certificateholders, any of the representations and warranties made by the sellers or the right to require the related seller to repurchase any such mortgage loan in the event of a breach of any of its representations and warranties. Accordingly, the only representations and warranties regarding the mortgage loans that will be made for the benefit of the certificateholders will be the limited representations and warranties made by Residential Funding and the depositor to the limited extent described above. See "The Trusts--Representations with Respect to Mortgage Collateral" in the prospectus.

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
RAMP 2007-RS1	Prospectus Supplement dated 03/07/07 at 31-32: At the time of issuance of a series of certificates, the depositor will cause the mortgage loans or mortgage securities and any other assets being included in the related trust to be assigned to the trustee or its nominee, which may be the custodian, together with, if specified in the accompanying prospectus supplement, all principal and interest received on the mortgage loans or mortgage securities after the cut-off date, other than principal and interest due on or before the cut-off date and any Spread. The trustee will, concurrently with that assignment, deliver a series of certificates to the depositor in exchange for the mortgage loans or mortgage securities. * * * The depositor will, as to each mortgage loan other than mortgage loans underlying any mortgage securities, deliver to the trustee or to the custodian, the mortgage note and any modification or amendment thereto endorsed without recourse either in blank or to the order of the trustee or its nominee. In addition, the depositor will, as to each mortgage loan other than mortgage loans underlying any mortgage securities, deliver to the sponsor, the servicer, the master servicer, the trustee, or the custodian, as elected by the depositor, a set of the remaining legal documents relating to each mortgage loan that are in possession of the depositor, which may include the following: • the mortgage, except for any mortgage not returned from the public recording office, with evidence of recording indicated thereon or a copy of the mortgage with evidence of recording indicated thereon or, in the case of a Cooperative Loan, the respective security agreements and any applicable financing statements; • an assignment in recordable form of the mortgage, or evidence that the mortgage is held for the trustee through the MERS® System or a copy of such assignment with evidence of recording indicated thereon or, for a Cooperative Loan, an assignment of the respective security agreements, any applicable financing statements, recognition agreements, relevant stock certificates, related blank stock powers and the related proprietary leases or occupancy

EXHIBIT E

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING TRANSFER OF TITLE
	agreements; and • if applicable, any riders or modifications to the mortgage note and mortgage or a copy of any riders or modifications to the mortgage note and mortgage, together with any other documents at such times as described in the related pooling and servicing agreement.

EXHIBIT F

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS
ACE 2007-ASAP1	Prospectus Supplement dated 03/15/07 at S-9: **Ratings** It is a condition to the issuance of the certificates that the Offered Certificates receive at least the following ratings from Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc. ("S&P") and Moody's Investors Service, Inc. ("Moody's"): Offered Certificates / S&P / Moody's Class A-1 / AAA / Aaa Class A-2A / AAA / Aaa Class A-2B / AAA / Aaa Class A-2C / AAA / Aaa Class A-2D / AAA / Aaa Class M-1 / AA+ / Aa1 Class M-2 / AA+ / Aa2 Class M-3 / AA / Aa3 Class M-4 / AA / A1 Class M-5 / AA- / A2 Class M-6 / A+ / A3 Class M-7 / A- / Baa1 Class M-8 / BBB+ / Baa2 Class M-9 / BBB / Baa3 Pros. Supp. at S-174 – S-175: The ratings assigned to mortgage pass-through certificates address the likelihood of the receipt by certificateholders of all distributions to which the certificateholders are entitled. The rating process addresses structural and legal aspects associated with the certificates, including the nature of the Mortgage Loans.

EXHIBIT F

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING CREDIT RATINGS</th></tr>
<tr><td>ACE 2007-ASAP2</td><td>
<u>Prospectus Supplement dated 05/23/07 at S-10:</u>

Ratings
It is a condition to the issuance of the certificates that the Offered Certificates receive at least the following ratings from Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc. ("S&P") and Moody's Investors Service, Inc. ("Moody's"):

<table>
<tr><th>Offered Certificates</th><th>S&P</th><th>Moody's</th></tr>
<tr><td>Class A-1</td><td>AAA</td><td>Aaa</td></tr>
<tr><td>Class A-2A</td><td>AAA</td><td>Aaa</td></tr>
<tr><td>Class A-2B</td><td>AAA</td><td>Aaa</td></tr>
<tr><td>Class A-2C</td><td>AAA</td><td>Aaa</td></tr>
<tr><td>Class A-2D</td><td>AAA</td><td>Aaa</td></tr>
<tr><td>Class M-1</td><td>AA+</td><td>Aa1</td></tr>
<tr><td>Class M-2</td><td>AA+</td><td>Aa2</td></tr>
<tr><td>Class M-3</td><td>AA</td><td>Aa3</td></tr>
<tr><td>Class M-4</td><td>AA</td><td>A1</td></tr>
<tr><td>Class M-5</td><td>AA-</td><td>A2</td></tr>
<tr><td>Class M-6</td><td>AA-</td><td>A3</td></tr>
<tr><td>Class M-7</td><td>A+</td><td>Baa1</td></tr>
<tr><td>Class M-8</td><td>A-</td><td>Baa2</td></tr>
<tr><td>Class M-9</td><td>BBB+</td><td>Baa3</td></tr>
</table>

<u>Pros. Supp. at S-178 – S-179:</u>

The ratings assigned to mortgage pass-through certificates address the likelihood of the receipt by certificateholders of all distributions to which the certificateholders are entitled. The rating process addresses structural and legal aspects associated with the certificates, including the nature of the Mortgage Loans.
</td></tr>
</table>

EXHIBIT F

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS
ACE 2007-WM1	Prospectus Supplement dated 01/26/07 at S-9 – S-10: **Ratings** It is a condition to the issuance of the certificates that the Offered Certificates receive at least the following ratings from Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc. ("S&P"), Moody's Investors Service, Inc. ("Moody's") and DBRS, Inc. ("DBRS"): Offered Certificates / S&P / Moody's / DBRS Class A-1 / AAA / Aaa / AAA Class A-2A / AAA / Aaa / AAA Class A-2B / AAA / Aaa / AAA Class A-2C / AAA / Aaa / AAA Class A-2D / AAA / Aaa / AAA Class M-1 / AA+ / Aa1 / AA (high) Class M-2 / AA / Aa2 / AA Class M-3 / AA / Aa3 / AA (low) Class M-4 / AA- / A1 / A (high) Class M-5 / A+ / A2 / A Class M-6 / A / A3 / A (low) Class M-7 / BBB+ / Baa1 / BBB (high) Class M-8 / BBB / Baa2 / BBB Class M-9 / BBB / Baa3 / BBB Class M-10 / BBB- / Ba1 / BBB (low) Pros. Supp. at S-170 – S-171: The ratings assigned to mortgage pass-through certificates address the likelihood of the receipt by certificateholders of all distributions to which the certificateholders are entitled. The rating process addresses structural and legal aspects associated with the certificates, including the nature of the Mortgage Loans.

EXHIBIT F

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING CREDIT RATINGS</th></tr>
<tr><td>DBALT 2006-AR4</td><td>Pros. Supp. dated 09/28/06 at S-123 – S-124:

CERTIFICATE RATINGS
It is a condition to the issuance of the certificates that the Senior Certificates and Mezzanine Certificates receive at least the following ratings from Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, Inc. ("S&P") and Moody’s Investors Service, Inc. ("Moody’s"):

<table>
<tr><th>Offered Certificates</th><th>S&P</th><th>Moody’s</th></tr>
<tr><td>Class A-1</td><td>AAA</td><td>Aaa</td></tr>
<tr><td>Class A-2</td><td>AAA</td><td>Aaa</td></tr>
<tr><td>Class A-3</td><td>AAA</td><td>Aaa</td></tr>
<tr><td>Class M-1</td><td>AA+</td><td>Aa1</td></tr>
<tr><td>Class M-2</td><td>AA+</td><td>Aa2</td></tr>
<tr><td>Class M-3</td><td>AA</td><td>Aa3</td></tr>
<tr><td>Class M-4</td><td>AA-</td><td>A1</td></tr>
<tr><td>Class M-5</td><td>AA-</td><td>A2</td></tr>
<tr><td>Class M-6</td><td>A+</td><td>A3</td></tr>
<tr><td>Class M-7</td><td>A-</td><td>Baa2</td></tr>
<tr><td>Class M-8</td><td>BBB-</td><td>Ba2</td></tr>
</table>

* * *

S&P’s ratings on mortgage pass-through certificates address the likelihood of receipt by certificateholders of payments required under the operative agreements. S&P’s ratings take into consideration the credit quality of the Mortgage Pool, including any credit support providers, structural and legal aspects associated with the certificates, and the extent to which the payment stream of the Mortgage Pool is adequate to make payment required under the certificates.</td></tr>
</table>

EXHIBIT F

SECURITIZATION	**FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS**
	* * * The ratings assigned by Moody's to mortgage pass-through certificates address the likelihood of the receipt of all distributions on the mortgage loans by the related certificateholders under the agreements pursuant to which the certificates are issued. Moody's ratings take into consideration the credit quality of the related mortgage pool, including any credit support providers, structural and legal aspects associated with the certificates, and the extent to which the payment stream on the mortgage pool is adequate to make the payments required by the certificates. * * * The ratings on the Offered Certificates address the likelihood of the receipt by certificateholders of all distributions with respect to the underlying Mortgage Loans to which they are entitled.

EXHIBIT F

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS
DBALT 2006-AR6	Prospectus Supplement dated 12/14/06 at S-130 – S-131: **CERTIFICATE RATINGS** It is a condition to the issuance of the certificates that the Senior Certificates and Mezzanine Certificates receive at least the following ratings from Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("**S&P**") and Moody's Investors Service, Inc. ("**Moody's**"):

Offered Certificates	S&P	Moody's
Class A-1	AAA	Aaa
Class A-2	AAA	Aaa
Class A-3	AAA	Aaa
Class A-4	AAA	Aaa
Class A-5	AAA	Aaa
Class A-6	AAA	Aaa
Class A-7	AAA	Aaa
Class A-8	AAA	Aaa
Class M-1	AA+	Aa1
Class M-2	AA	Aa2
Class M-3	AA	Aa3
Class M-4	AA-	A1
Class M-5	AA-	A2
Class M-6	A+	A3
Class M-7	A+	Baa1
Class M-8	A-	Baa2
Class M-9	A-	Baa3
Class M-10	BBB-	Ba2

* * *

S&P's ratings on mortgage pass-through certificates address the likelihood of receipt by certificateholders of payments required under the operative agreements. S&P's ratings take into consideration the credit quality of the Mortgage Pool, including any credit support providers, structural and legal aspects associated with the certificates, and the extent to which the payment stream of the Mortgage Pool is adequate to make payment required under the certificates.

EXHIBIT F

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS
	* * * The ratings assigned by Moody's to mortgage pass-through certificates address the likelihood of the receipt of all distributions on the mortgage loans by the related certificateholders under the agreements pursuant to which the certificates are issued. Moody's ratings take into consideration the credit quality of the related mortgage pool, including any credit support providers, structural and legal aspects associated with the certificates, and the extent to which the payment stream on the mortgage pool is adequate to make the payments required by the certificates. * * * The ratings on the Offered Certificates address the likelihood of the receipt by certificateholders of all distributions with respect to the underlying Mortgage Loans to which they are entitled.

EXHIBIT F

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS
DBALT 2007-1	Prospectus Supplement dated 06/29/07 at S-235 – S-236: **CERTIFICATE RATINGS** It is a condition to the issuance of the certificates that the Senior Certificates and Mezzanine Certificates receive at least the following ratings from Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("**S&P**") and Moody's Investors Service, Inc. ("**Moody's**"):

Certificates	S&P	Moody's
Class I-A-1	AAA	Aaa
Class I-A-2	AAA	Aaa
Class I-A-3A	AAA	Aaa
Class I-A-3B	AAA	Aaa
Class I-A-3C	AAA	Aaa
Class I-A-4A	AAA	Aaa
Class I-A-4B	AAA	Aaa
Class A-5	AAA	Aaa
Class II-A-1	AAA	Aaa
Class M-1	AAA	Aa1
Class M-2	AA+	Aa2
Class M-3	AA+	Aa3
Class M-4	AA	A1
Class M-5	AA	A3
Class M-6	AA	Baa1
Class M-7	A	Baa2
Class M-8	A	Baa3
Class M-9	BBB+	Ba1
Class M-10	BBB+	Ba2
Class M-11	BBB-	NR

* * *

S&P's ratings on mortgage pass-through certificates address the likelihood of receipt by certificateholders of payments required under the operative agreements. S&P's ratings take into consideration the credit quality of the Mortgage Pool, including any credit support providers, structural and legal aspects associated with the certificates, and the extent to which the payment stream of the Mortgage Pool is adequate to make payments required under the certificates.

EXHIBIT F

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS
	* * * The ratings assigned by Moody's to mortgage pass-through certificates address the likelihood of the receipt of all distributions on the mortgage loans by the related certificateholders under the agreements pursuant to which the certificates are issued. Moody's ratings take into consideration the credit quality of the related mortgage pool, including any credit support providers, structural and legal aspects associated with the certificates, and the extent to which the payment stream on the mortgage pool is adequate to make the payments required by the certificates. * * * The ratings on the Offered Certificates address the likelihood of the receipt by certificateholders of all distributions with respect to the underlying Mortgage Loans to which they are entitled.

EXHIBIT F

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS
DBALT 2007-AR1	Prospectus Supplement dated 01/29/07 at S-131 – S-132: **CERTIFICATE RATINGS** It is a condition to the issuance of the certificates that the Senior Certificates and Mezzanine Certificates receive at least the following ratings from Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("**S&P**") and Moody's Investors Service, Inc. ("**Moody's**"):

Offered Certificates	S&P	Moody's
Class A-1	AAA	Aaa
Class A-2	AAA	Aaa
Class A-3A	AAA	Aaa
Class A-3B	AAA	Aaa
Class A-3C	AAA	Aaa
Class A-4	AAA	Aaa
Class A-5	AAA	Aaa
Class A-6	AAA	Aaa
Class M-1	AA+	Aa1
Class M-2	AA	Aa2
Class M-3	AA	Aa3
Class M-4	A+	A1
Class M-5	A+	A2
Class M-6	A	A3
Class M-7	A	Baa1
Class M-8	BBB-	Baa3
Class M-9	BBB-	Ba1

* * *

S&P's ratings on mortgage pass-through certificates address the likelihood of receipt by certificateholders of payments required under the operative agreements. S&P's ratings take into consideration the credit quality of the Mortgage Pool, including any credit support providers, structural and legal aspects associated with the certificates, and the extent to which the payment stream of the Mortgage Pool is adequate to make payment required under the certificates.

EXHIBIT F

SECURITIZATION	**FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS**
	* * * The ratings assigned by Moody's to mortgage pass-through certificates address the likelihood of the receipt of all distributions on the mortgage loans by the related certificateholders under the agreements pursuant to which the certificates are issued. Moody's ratings take into consideration the credit quality of the related mortgage pool, including any credit support providers, structural and legal aspects associated with the certificates, and the extent to which the payment stream on the mortgage pool is adequate to make the payments required by the certificates. * * * The ratings on the Offered Certificates address the likelihood of the receipt by certificateholders of all distributions with respect to the underlying Mortgage Loans to which they are entitled.

EXHIBIT F

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS
DBALT 2007-AR2	Prospectus Supplement dated 02/26/07 at S-125 – S-126: **CERTIFICATE RATINGS** It is a condition to the issuance of the certificates that the Senior Certificates and Mezzanine Certificates receive at least the following ratings from Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("**S&P**") and Moody's Investors Service, Inc. ("**Moody's**"):

Offered Certificates	S&P	Moody's
Class A-1	AAA	Aaa
Class A-2	AAA	Aaa
Class A-3	AAA	Aaa
Class A-4	AAA	Aaa
Class A-5	AAA	Aaa
Class A-6	AAA	Aaa
Class A-7	AAA	Aaa
Class M-1	AA+	Aa1
Class M-2	AA	Aa2
Class M-3	AA	Aa3
Class M-4	AA	A1
Class M-5	A+	A2
Class M-6	A+	A3
Class M-7	A+	Baa1
Class M-8	A-	Baa2
Class M-9	A-	Baa3
Class M-10	BBB-	Ba2

* * *

S&P's ratings on mortgage pass-through certificates address the likelihood of receipt by certificateholders of payments required under the operative agreements. S&P's ratings take into consideration the credit quality of the Mortgage Pool, including any credit support providers, structural and legal aspects associated with the certificates, and the extent to which the payment stream of the Mortgage Pool is adequate to make payment required under the certificates.

EXHIBIT F

SECURITIZATION	**FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS**
	* * * The ratings assigned by Moody's to mortgage pass-through certificates address the likelihood of the receipt of all distributions on the mortgage loans by the related certificateholders under the agreements pursuant to which the certificates are issued. Moody's ratings take into consideration the credit quality of the related mortgage pool, including any credit support providers, structural and legal aspects associated with the certificates, and the extent to which the payment stream on the mortgage pool is adequate to make the payments required by the certificates. * * * The ratings on the Offered Certificates address the likelihood of the receipt by certificateholders of all distributions with respect to the underlying Mortgage Loans to which they are entitled.

EXHIBIT F

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING CREDIT RATINGS</th></tr>
<tr><td>DBALT 2007-BAR1</td><td>Prospectus Supplement dated 02/26/07 at S-199 – S-120:

CERTIFICATE RATINGS
It is a condition to the issuance of the certificates that the Senior Certificates and Mezzanine Certificates receive at least the following ratings from Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("S&P") and Moody's Investors Service, Inc. ("Moody's"):

<table>
<tr><th>Offered Certificates</th><th>S&P</th><th>Moody's</th></tr>
<tr><td>Class A-1</td><td>AAA</td><td>Aaa</td></tr>
<tr><td>Class A-2</td><td>AAA</td><td>Aaa</td></tr>
<tr><td>Class A-3</td><td>AAA</td><td>Aaa</td></tr>
<tr><td>Class A-4</td><td>AAA</td><td>Aaa</td></tr>
<tr><td>Class A-5</td><td>AAA</td><td>Aaa</td></tr>
<tr><td>Class M-1</td><td>AA+</td><td>Aa1</td></tr>
<tr><td>Class M-2</td><td>AA</td><td>Aa2</td></tr>
<tr><td>Class M-3</td><td>AA</td><td>Aa3</td></tr>
<tr><td>Class M-4</td><td>AA</td><td>A1</td></tr>
<tr><td>Class M-5</td><td>AA</td><td>A2</td></tr>
<tr><td>Class M-6</td><td>AA-</td><td>A3</td></tr>
<tr><td>Class M-7</td><td>A+</td><td>Baa1</td></tr>
<tr><td>Class M-8</td><td>A-</td><td>Baa2</td></tr>
<tr><td>Class M-9</td><td>BBB</td><td>Baa3</td></tr>
<tr><td>Class M-10</td><td>BBB</td><td>Ba2</td></tr>
</table>

* * *

S&P's ratings on mortgage pass-through certificates address the likelihood of receipt by certificateholders of payments required under the operative agreements. S&P's ratings take into consideration the credit quality of the Mortgage Pool, including any credit support providers, structural and legal aspects associated with the certificates, and the extent to which the payment stream of the Mortgage Pool is adequate to make payment required under the certificates.</td></tr>
</table>

EXHIBIT F

SECURITIZATION	**FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS**
	* * * The ratings assigned by Moody's to mortgage pass-through certificates address the likelihood of the receipt of all distributions on the mortgage loans by the related certificateholders under the agreements pursuant to which the certificates are issued. Moody's ratings take into consideration the credit quality of the related mortgage pool, including any credit support providers, structural and legal aspects associated with the certificates, and the extent to rating assigned by Moody's to the interest only certificates does not addresses whether investors will recoup their initial investment. * * * The ratings on the Offered Certificates address the likelihood of the receipt by certificateholders of all distributions with respect to the underlying Mortgage Loans to which they are entitled.

EXHIBIT F

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS
DBALT 2007-OA1	Prospectus Supplement dated 02/28/07 at 110-111 of 221: **CERTIFICATE RATINGS** It is a condition to the issuance of the certificates that the Senior Certificates and Mezzanine Certificates receive at least the following ratings from Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("**S&P**") and Moody's Investors Service, Inc. ("**Moody's**"): Certificates / S&P / Moody's Class A-1 / AAA / Aaa Class A-2 / AAA / Aaa Class A-3 / AAA / Aaa Class M-1 / AA+ / Aaa Class M-2 / AA / Aa1 Class M-3 / AA- / Aa1 Class M-4 / A+ / Aa2 Class M-5 / A+ / Aa3 Class M-6 / A / A1 Class M-7 / BBB+ / A2 Class M-8 / BBB / Baa2 Class M-9 / BBB- / Baa3 Class M-10 / BB+ / Ba1 S&P's ratings on mortgage pass-through certificates address the likelihood of receipt by certificateholders of payments required under the operative agreements. S&P's ratings take into consideration the credit quality of the Mortgage Pool, including any credit support providers, structural and legal aspects associated with the certificates, and the extent to which the payment stream of the Mortgage Pool is adequate to make payment required under the certificates.

EXHIBIT F

SECURITIZATION	**FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS**
	* * * The ratings assigned by Moody's to mortgage pass-through certificates address the likelihood of the receipt of all distributions on the mortgage loans by the related certificateholders under the agreements pursuant to which the certificates are issued. Moody's ratings take into consideration the credit quality of the related mortgage pool, including any credit support providers, structural and legal aspects associated with the certificates…. * * * The ratings on the Offered Certificates address the likelihood of the receipt by certificateholders of all distributions with respect to the underlying Mortgage Loans to which they are entitled. .

EXHIBIT F

<table>
<tr><th><u>SECURITIZATION</u></th><th><u>FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS</u></th></tr>
<tr><td>DBALT 2007-OA2</td><td><u>Prospectus Supplement dated 03/30/07 at S-133-134:</u>

CERTIFICATE RATINGS
It is a condition to the issuance of the certificates that the Senior Certificates and Mezzanine Certificates receive at least the following ratings from Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("S&P"), Fitch Ratings ("Fitch") and Moody's Investors Service, Inc. ("Moody's"):

<table>
<tr><th>Certificates</th><th>S&P</th><th>Moody's</th><th>Fitch</th></tr>
<tr><td>Class A-1</td><td>AAA</td><td>Aaa</td><td>AAA</td></tr>
<tr><td>Class A-2</td><td>AAA</td><td>Aaa</td><td>AAA</td></tr>
<tr><td>Class A-3</td><td>AAA</td><td>Aaa</td><td>AAA</td></tr>
<tr><td>Class M-1</td><td>AA+</td><td>Aaa</td><td>AA+</td></tr>
<tr><td>Class M-2</td><td>AA</td><td>Aa1</td><td>AA</td></tr>
<tr><td>Class M-3</td><td>AA-</td><td>Aa1</td><td>AA-</td></tr>
<tr><td>Class M-4</td><td>A+</td><td>Aa2</td><td>A+</td></tr>
<tr><td>Class M-5</td><td>A</td><td>Aa3</td><td>A</td></tr>
<tr><td>Class M-6</td><td>A-</td><td>A1</td><td>A-</td></tr>
<tr><td>Class M-7</td><td>BBB+</td><td>A2</td><td>A-</td></tr>
<tr><td>Class M-8</td><td>BBB</td><td>Baa1</td><td>BBB+</td></tr>
<tr><td>Class M-9</td><td>BBB-</td><td>Baa3</td><td>BBB</td></tr>
</table>

* * *

S&P's ratings on mortgage pass-through certificates address the likelihood of receipt by certificateholders of payments required under the operative agreements. S&P's ratings take into consideration the credit quality of the Mortgage Pool, including any credit support providers, structural and legal aspects associated with the certificates, and the extent to which the payment stream of the Mortgage Pool is adequate to make payment required under the certificates.</td></tr>
</table>

EXHIBIT F

SECURITIZATION	**FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS**
	* * * The ratings assigned by Moody's to mortgage pass-through certificates address the likelihood of the receipt of all distributions on the mortgage loans by the related certificateholders under the agreements pursuant to which the certificates are issued. Moody's ratings take into consideration the credit quality of the related mortgage pool, including any credit support providers, structural and legal aspects associated with the certificates, and the extent to which the payment stream on the mortgage pool is adequate to make the payments required by the certificates. * * * The ratings on the Offered Certificates address the likelihood of the receipt by certificateholders of all distributions with respect to the underlying Mortgage Loans to which they are entitled.

EXHIBIT F

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS
DBALT 2007-OA4	Prospectus Supplement dated 06/29/07 at S-198 – S-199: **CERTIFICATE RATINGS** It is a condition to the issuance of the certificates that the Senior Certificates and Mezzanine Certificates receive at least the following ratings from Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("**S&P**"), Fitch Ratings ("Fitch") and Moody's Investors Service, Inc. ("**Moody's**"):

Certificates	S&P	Moody's	Fitch
Class I-A-1A	AAA	Aaa	AAA
Class I-A-1B	AAA	Aaa	AAA
Class II-A-1	AAA	Aaa	AAA
Class II-A-2	AAA	Aaa	AAA
Class III-A-1	AAA	Aaa	AAA
Class A-2A	AAA	Aaa	AAA
Class A-2B	AAA	Aaa	AAA
Class A-3	AAA	Aaa	AAA
Class A-4	AAA	Aaa	AAA
Class M-1	AA+	Aaa	AA+
Class M-2	AA	Aa1	AA
Class M-3	AA-	Aa1	AA-
Class M-4	A+	Aa2	A+
Class M-5	A	Aa3	A
Class M-6	A-	A1	A-
Class M-7	BBB+	A2	BBB+
Class M-8	BBB	A3	BBB
Class M-9	BBB-	Baa1	BBB-
Class M-10	BB+	Baa2	BB+
Class M-11	BB	Baa3	BB

* * *

S&P's ratings on mortgage pass-through certificates address the likelihood of receipt by certificateholders of payments required under the operative agreements. S&P's ratings take into consideration the credit quality of the Mortgage Pool, including any credit support providers, structural and legal aspects associated with the certificates, and the extent to which the payment stream of the Mortgage Pool is adequate to make payment required under the certificates.

EXHIBIT F

SECURITIZATION	**FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS**
	* * * The ratings assigned by Moody's to mortgage pass-through certificates address the likelihood of the receipt of all distributions on the mortgage loans by the related certificateholders under the agreements pursuant to which the certificates are issued. Moody's ratings take into consideration the credit quality of the related mortgage pool, including any credit support providers, structural and legal aspects associated with the certificates, and the extent to which the payment stream on the mortgage pool is adequate to make the payments required by the certificates. * * * The ratings on the Offered Certificates address the likelihood of the receipt by certificateholders of all distributions with respect to the underlying Mortgage Loans to which they are entitled.

EXHIBIT F

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS
DMSI 2006-PR1	Private Placement Memorandum dated 11/30/06 at ix:

Class	Original Certificate Principal Balance [1]	Principal Type[2]	Interest Rate	Interest Type[2]	S&P Rating[3]	Moody's Rating[3]
1-A-1	$53,836,000	Senior	5.35%[7]	Fixed	AAA	Aaa
A-X	Notional	Senior/ Component/ Interest Only	[6]	Variable	AAA	Aaa
2-A-F	$81,704,000	Senior	LIBOR + 0.27%[7]	Adjustable/ Floater	AAA	Aaa
2-A-S	Notional	Senior/ Interest Only	7.73% – LIBOR	Adjustable/ Inverse Floater	AAA	Aaa
2-PO	$11,616,312	Senior/ Principal Only	0.00%	PO	AAA	Aaa
3-A-F-1	$75,000,000	Senior	LIBOR + 0.28%[7]	Adjustable/ Floater	AAA	Aaa
3-A-F-2	$125,199,986	Senior	LIBOR + 0.28%[7]	Adjustable/ Floater	AAA	Aaa
3-A-I	$102,756,260	Senior	12.124000000% - (LIBOR x 1.4)[7]	Adjustable/ Inverse Floater	AAA	Aaa
3-A-S	Notional	Senior/ Component/ Interest Only	[6]	Adjustable/ Inverse Floater	AAA	Aaa
3-PO	$1,474,626	Senior/ Principal Only	0.00%	PO	AAA	Aaa
4-A-F-1	$75,000,000	Senior	LIBOR + 0.29%[7]	Adjustable/ Floater	AAA	Aaa
4-A-F-2	$116,245,015	Senior	LIBOR + 0.35%[7]	Adjustable/ Floater	AAA	Aaa
4-A-I-1	$39,470,959	Senior	12.110000000% - (LIBOR x 1.4)[7]	Adjustable/ Inverse Floater	AAA	Aaa
4-A-I-2	$41,463,765	Senior	14.6045454545% -(LIBOR x 1.9090909091)[7]	Adjustable/ Inverse Floater	AAA	Aaa
4-A-S-1	Notional	Senior/Component Interest Only	[6]	Adjustable/ Inverse Floater	AAA	Aaa

EXHIBIT F

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS

4-A-S-1	Notional	Senior/Component Interest Only	[9]	Adjustable/ Inverse Floater	AAA	Aaa
4-A-S-2	Notional	Senior/Component Interest Only	[10]	Adjustable/ Inverse Floater	AAA	Aaa
4-PO	$293,886	Senior/ Principal Only	0.00%	PO	AAA	Aaa
5-A-F-1	$10,000,000	Senior	LIBOR + 0.55%[7]	Adjustable/ Floater	AAA	Aaa
5-A-F-2	$50,000,000	Senior	LIBOR + 0.35%[7]	Adjustable/ Floater	AAA	Aaa
5-A-F-3	$30,000,000	Senior	LIBOR + 0.37%[7]	Adjustable/ Floater	AAA	Aaa
5-A-F-4	$556,754,878	Senior	LIBOR + 0.34%[7]	Adjustable/ Floater	AAA	Aaa
5-A-I-1	$1,498,287	Senior	19.350000000% - (LIBOR x 3)[7]	Adjustable/ Inverse Floater	AAA	Aaa

…..

Private Placement Memorandum at 198:

It is a condition to the issuance of the certificates that each class of the Offered Certificates be rated not lower than the applicable ratings shows in the table on page ix of this Memorandum by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P") and Moody's Investors Service, Inc. ("Moody's").

The ratings assigned to mortgage-pass through certificates address the likelihood of the receipt by certificates holders of all distributions to which the certificateholders are entitled.

EXHIBIT F

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING CREDIT RATINGS</th></tr>
<tr><td>INDX 2006-AR27</td><td><u>Prospectus Supplement dated 08/29/06 at S-133 – S-134:</u>

It is a condition to the issuance of the Offered Certificates that they be assigned ratings not lower than the following by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and Moody's Investors Service, Inc. ("Moody's").

<table>
<tr><th>Class</th><th>S&P/Moody's</th></tr>
<tr><td>1-A-1</td><td>AAA/Aaa</td></tr>
<tr><td>1-A-2</td><td>AAA/Aaa</td></tr>
<tr><td>1-A-3</td><td>AAA/Aaa</td></tr>
<tr><td>1-A-4</td><td>AAA/Aaa</td></tr>
<tr><td>1-A-5</td><td>AAA/Aaa</td></tr>
<tr><td>2-A-1</td><td>AAA/Aaa</td></tr>
<tr><td>2-A-2</td><td>AAA/Aaa</td></tr>
<tr><td>2-A-3</td><td>AAA/Aaa</td></tr>
<tr><td>A-R</td><td>AAA/Aaa</td></tr>
<tr><td>M-1</td><td>AA+/Aa1</td></tr>
</table>

<table>
<tr><th>Class</th><th>S&P/Moody's</th></tr>
<tr><td>M-2</td><td>AA+/Aa2</td></tr>
<tr><td>M-3</td><td>AA/Aa3</td></tr>
<tr><td>M-4</td><td>AA/A1</td></tr>
<tr><td>M-5</td><td>A+/A2</td></tr>
<tr><td>M-6</td><td>A+/A3</td></tr>
<tr><td>M-7</td><td>A/Baa1</td></tr>
<tr><td>M-8</td><td>A-/ Baa3</td></tr>
<tr><td>M-9</td><td>BBB-/NR</td></tr>
</table>
</td></tr>
</table>

EXHIBIT F

SECURITIZATION	**FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS**
	* * * The ratings assigned by S&P to mortgage pass-through certificates address the likelihood of the receipt of all distributions on the Mortgage Loans by the certificateholders under the agreements pursuant to which the certificates are issued. S&P ratings take into consideration the credit quality of the related mortgage pool, including any credit support providers, structural and legal aspects associated with the certificates, and the extent to which the payment stream on the mortgage pool is adequate to make the payments required by the certificates. * * * The ratings assigned by Moody's to mortgage pass-through certificates address the likelihood of the receipt by certificateholders of all distributions to which such certificateholders are entitled under the transaction structure. Moody's ratings reflect its analysis of the riskiness of the Mortgage Loans and its analysis of the structure of the transaction as set forth in the operative documents.

EXHIBIT F

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING CREDIT RATINGS</th></tr>
<tr><td>MHL 2007-1</td><td>Prospectus Supplement dated 05/31/07 at S-169 – S-170:

CERTIFICATE RATINGS
It is a condition to the issuance of the certificates that the Senior Certificates and Mezzanine Certificates receive at least the following ratings from Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("S&P") and Moody's Investors Service, Inc. ("Moody's"):

<table>
<tr><th>Offered Certificates</th><th>S&P</th><th>Moody's</th></tr>
<tr><td>Class 1-A-1</td><td>AAA</td><td>Aaa</td></tr>
<tr><td>Class 2-A-1-1</td><td>AAA</td><td>Aaa</td></tr>
<tr><td>Class 2-A-1-2</td><td>AAA</td><td>Aaa</td></tr>
<tr><td>Class 2-A-1-3</td><td>AAA</td><td>Aaa</td></tr>
<tr><td>Class 2-A-1-4</td><td>AAA</td><td>Aaa</td></tr>
<tr><td>Class 2-A-1-5</td><td>AAA</td><td>Aaa</td></tr>
<tr><td>Class 2-A-1-6</td><td>AAA</td><td>Aaa</td></tr>
<tr><td>Class 2-A-1-7</td><td>AAA</td><td>Aaa</td></tr>
<tr><td>Class M-1</td><td>AA+</td><td>Aa1</td></tr>
<tr><td>Class M-2</td><td>AA</td><td>Aa2</td></tr>
<tr><td>Class M-3</td><td>AA-</td><td>Aa3</td></tr>
<tr><td>Class M-4</td><td>A+</td><td>A1</td></tr>
<tr><td>Class M-5</td><td>A</td><td>A2</td></tr>
<tr><td>Class M-6</td><td>A-</td><td>A3</td></tr>
<tr><td>Class M-7</td><td>BBB+</td><td>Baa1</td></tr>
<tr><td>Class M-8</td><td>BBB</td><td>Baa2</td></tr>
<tr><td>Class M-9</td><td>BBB-</td><td>Baa3</td></tr>
</table>

* * *

S&P's ratings on mortgage pass-through certificates address the likelihood of receipt by certificateholders of payments required under the operative agreements. S&P's ratings take into consideration the credit quality of the Mortgage Pool, including any credit support providers, structural and legal aspects associated with the certificates, and the extent to which the payment stream of the Mortgage Pool is adequate to make payment required under the certificates.</td></tr>
</table>

EXHIBIT F

SECURITIZATION	**FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS**
	* * * The ratings assigned by Moody's to mortgage pass-through certificates address the likelihood of the receipt of all distributions on the mortgage loans by the related certificateholders under the agreements pursuant to which the certificates are issued. Moody's ratings take into consideration the credit quality of the related mortgage pool, including any credit support providers, structural and legal aspects associated with the certificates, and the extent to which the payment stream on the mortgage pool is adequate to make the payments required by the certificates. * * * The ratings on the Offered Certificates address the likelihood of the receipt by certificateholders of all distributions with respect to the underlying Mortgage Loans to which they are entitled.

EXHIBIT F

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS
NHEL 2007-1	Prospectus Supplement dated 02/23/07 at S-11: The certificates must receive at least the following ratings from Standard & Poor's, a division of The McGraw-Hill Companies, Inc., and Moody's Investors Service, Inc. in order to be issued: **Class** / **Ratings** (S&P / Moody's) A-1A: AAA / Aaa A-2A1: AAA / Aaa A-2A2: AAA / Aaa A-2B: AAA / Aaa A-2C: AAA / Aaa A-2D: AAA / Aaa M-1: AA+ / Aa1 M-2: AA / Aa2 M-3: AA- / Aa3 M-4: A+ / A1 M-5: A / A2 M-6: A- / A3 M-7: BBB+ / Baa1 M-8: BBB / Baa2 M-9: BBB- / Baa3 M-10: BB+ / Ba1 M-11: BB / Ba2 Pros. Supp. at S-170 – S-171: S&P's ratings on mortgage pass-through certificates address the likelihood of the receipt by certificateholders of payments required under the pooling and servicing agreement. S&P's ratings take into consideration the credit quality of the mortgage pool, structural and legal aspects associated with the certificates, and the extent to which the payment stream in the mortgage pool is adequate to make payments required under the certificates. * * * The rating process of Moody's addresses the structural and legal aspects associated with the certificates, including the nature of the underlying mortgage loans.

EXHIBIT F

<table>
<tr><th>SECURITIZATION</th><th>FALSE AND MISLEADING STATEMENTS
REGARDING CREDIT RATINGS</th></tr>
<tr><td>PHHAM 2007-2</td><td>Prospectus Supplement dated 04/25/07 at S-182 – S-184:

It is a condition to the issuance of the certificates that the Offered Certificates receive at least the following ratings from Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("S&P"), Moody's Investors Service, Inc. ("Moody's") and Fitch Ratings ("Fitch Ratings"):

<table>
<tr><th>Offered Certificates</th><th>S&P</th><th>Moody's</th><th>Fitch Ratings</th></tr>
<tr><td>Class 1-A-1</td><td>AAA</td><td>Aaa</td><td>NR</td></tr>
<tr><td>Class 1-A-2</td><td>AAA</td><td>Aaa</td><td>NR</td></tr>
<tr><td>Class 1-A-3</td><td>AAA</td><td>Aaa</td><td>NR</td></tr>
<tr><td>Class 1-A-4</td><td>AAA</td><td>Aaa</td><td>NR</td></tr>
<tr><td>Class 1-A-5</td><td>AAA</td><td>Aaa</td><td>NR</td></tr>
<tr><td>Class 2-A-1</td><td>AAA</td><td>Aaa</td><td>AAA</td></tr>
<tr><td>Class 2-A-2</td><td>AAA</td><td>Aaa</td><td>AAA</td></tr>
<tr><td>Class 2-A-3</td><td>AAA</td><td>Aaa</td><td>AAA</td></tr>
<tr><td>Class 2-A-4</td><td>AAA</td><td>Aaa</td><td>AAA</td></tr>
<tr><td>Class 2-A-5</td><td>AAA</td><td>Aaa</td><td>AAA</td></tr>
<tr><td>Class 2-A-6</td><td>AAA</td><td>Aaa</td><td>AAA</td></tr>
<tr><td>Class 3-A-1</td><td>AAA</td><td>Aaa</td><td>AAA</td></tr>
<tr><td>Class 3-A-2</td><td>AAA</td><td>Aaa</td><td>AAA</td></tr>
<tr><td>Class 4-A-1</td><td>AAA</td><td>Aaa</td><td>AAA</td></tr>
<tr><td>Class 2-X</td><td>AAA</td><td>NR</td><td>AAA</td></tr>
<tr><td>Class 4-X</td><td>AAA</td><td>NR</td><td>AAA</td></tr>
<tr><td>Class 2PO</td><td>AAA</td><td>NR</td><td>AAA</td></tr>
<tr><td>Class 4PO</td><td>AAA</td><td>NR</td><td>AAA</td></tr>
<tr><td>Class II-AR</td><td>AAA</td><td>Aaa</td><td>AAA</td></tr>
<tr><td>Class 1-M-1</td><td>AA</td><td>Aa2</td><td>NR</td></tr>
<tr><td>Class 1-M-2</td><td>A</td><td>A2</td><td>NR</td></tr>
<tr><td>Class 1-M-3</td><td>BBB</td><td>Baa2</td><td>NR</td></tr>
<tr><td>Class 1-M-4</td><td>BBB-</td><td>Ba1</td><td>NR</td></tr>
<tr><td>Class II-M</td><td>AAA</td><td>Aa1</td><td>AAA</td></tr>
<tr><td>Class II-B-1</td><td>AA</td><td>NR</td><td>AA</td></tr>
<tr><td>Class II-B-2</td><td>A</td><td>NR</td><td>A</td></tr>
<tr><td>Class II-B-3</td><td>BBB</td><td>NR</td><td>BBB</td></tr>
</table>
</td></tr>
</table>

EXHIBIT F

SECURITIZATION	**FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS**
	* * * S&P's ratings on mortgage pass-through certificates address the likelihood of receipt by certificateholders of payments required under the operative agreements. S&P's ratings take into consideration the credit quality of the Mortgage Pool, including any credit support providers, structural and legal aspects associated with the certificates, and the extent to which the payment stream of the Mortgage Pool is adequate to make payment required under the certificates. * * * The ratings assigned by Moody's and Fitch Ratings to mortgage pass-through certificates address the likelihood of the receipt of all distributions on the mortgage loans by the related certificateholders under the agreements pursuant to which the certificates are issued. The ratings of Moody's and Fitch Ratings take into consideration the credit quality of the related mortgage pool, including any credit support providers, structural and legal aspects associated with the certificates, and the extent to which the payment stream on the mortgage pool is adequate to make the payments required by the certificates. * * * The ratings on the Offered Certificates address the likelihood of the receipt by certificateholders of all distributions with respect to the underlying Mortgage Loans to which they are entitled.

EXHIBIT F

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS
RALI 2007-QO2	Prospectus Supplement dated 02/26/07 at S-6:

Offered Certificates

Class	Pass-Through Rate	Initial Certificate Principal Balance	Initial Rating (S&P/ Moody's)(1)	Designations
Class A Certificates:				
A-1	Adjustable Rate	$388,219,000	AAA/Aaa	Senior/Super Senior/Adjustable Rate
A-2	Adjustable Rate	$48,527,000	AAA/Aaa	Senior/Senior Support/Adjustable Rate
A-3	Adjustable Rate	$48,528,000	AAA/Aaa	Senior/Senior Support/Adjustable Rate
Total Class A Certificates:		$485,274,000		
Class M Certificates:				
M-1	Adjustable Rate	$10,398,000	AA+/Aaa	Mezzanine/Adjustable Rate
M-2	Adjustable Rate	$7,999,000	AA/Aa1	Mezzanine/Adjustable Rate
M-3	Adjustable Rate	$2,666,000	AA-/Aa1	Mezzanine/Adjustable Rate
M-4	Adjustable Rate	$6,932,000	A+/Aa2	Mezzanine/Adjustable Rate
M-5	Adjustable Rate	$3,199,000	A/Aa3	Mezzanine/Adjustable Rate
M-6	Adjustable Rate	$2,666,000	A-/A1	Mezzanine/Adjustable Rate
M-7	Adjustable Rate	$2,666,000	BBB+/A3	Mezzanine/Adjustable Rate
M-8	Adjustable Rate	$2,133,000	BBB+/Baa1	Mezzanine/Adjustable Rate
M-9	Adjustable Rate	$3,199,000	BBB-/Baa2	Mezzanine/Adjustable Rate
Total Class M Certificates:		$41,858,000		
Total Offered Certificates:		$527,132,000		

EXHIBIT F

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS
	Prospectus Supplement at S-119 – S-120: **RATINGS** It is a condition of the issuance of the offered certificates that they be rated as indicated on page S-6 of this prospectus supplement. * * * Standard & Poor's ratings on mortgage pass-through certificates address the likelihood of the receipt by certificateholders of payments required under the pooling and servicing agreement. Standard & Poor's ratings take into consideration the credit quality of the mortgage pool, structural and legal aspects associated with the certificates, and the extent to which the payment stream in the mortgage pool is adequate to make payments required under the certificates. * * * The rating assigned by Moody's to the offered certificates address the likelihood of the receipt by the offered certificateholders of all distributions to which they are entitled under the pooling and servicing agreement. Moody's ratings reflect its analysis of the riskiness of the mortgage loans and the structure of the transaction as described in the pooling and servicing agreement.

EXHIBIT F

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS
RAMP 2007-RS1	Pros. Supp. dated 03/07/07 at S-5:

Class	Pass-Through Rate	Initial Certificate Principal Balance	Initial Rating (Moody's/ S&P)	Designations	Final Scheduled Distribution Date
Offered Certificates					
Class A Certificates:					
A-1	Adjustable Rate	$ 160,279,000	Aaa/AAA	Senior/Adjustable Rate	February 25, 2027
A-2	Adjustable Rate	$ 14,033,000	Aaa/AAA	Senior/Adjustable Rate	November 25, 2027
A-3	Adjustable Rate	$ 154,951,000	Aaa/AAA	Senior/Adjustable Rate	January 25, 2035
A-4	Adjustable Rate	$ 62,287,000	Aaa/AAA	Senior/Adjustable Rate	February 25, 2037
A-5	Adjustable Rate	$ 43,506,000	Aaa/AAA	Senior/Adjustable Rate	February 25, 2037
Total Class A Certificates:		$ 435,056,000			
Class M Certificates:					
M-1	Adjustable Rate	$ 8,450,000	Aa1/AAA	Mezzanine/Adjustable Rate	February 25, 2037
M-2	Adjustable Rate	$ 8,450,000	Aa2/AA+	Mezzanine/Adjustable Rate	February 25, 2037
M-3	Adjustable Rate	$ 4,829,000	Aa3/AA+	Mezzanine/Adjustable Rate	February 25, 2037
M-4	Adjustable Rate	$ 4,104,000	A1/AA	Mezzanine/Adjustable Rate	February 25, 2037
M-5	Adjustable Rate	$ 3,863,000	A2/AA	Mezzanine/Adjustable Rate	February 25, 2037
M-6	Adjustable Rate	$ 3,380,000	A3/AA-	Mezzanine/Adjustable Rate	February 25, 2037
M-7	Adjustable Rate	$ 2,897,000	Baa1/A+	Mezzanine/Adjustable Rate	February 25, 2037
M-8	Adjustable Rate	$ 2,414,000	Baa2/A	Mezzanine/Adjustable Rate	February 25, 2037
M-9	Adjustable Rate	$ 2,414,000	Baa3/BBB+	Mezzanine/Adjustable Rate	February 25, 2037
M-10	Adjustable Rate	$ 2,414,000	Ba1/BBB-	Mezzanine/Adjustable Rate	February 25, 2037
Total Class M Certificates:		$ 43,215,000			
Total offered certificates:		$ 478,271,000			
Non-Offered Certificates					
SB	N/A	$ 4,587,897	N/A	Subordinate	N/A
R-I	N/A	N/A	N/A	Residual	N/A
R-II	N/A	N/A	N/A	Residual	N/A
Total offered and non-offered certificates:		$ 482,858,897			

EXHIBIT F

SECURITIZATION	FALSE AND MISLEADING STATEMENTS REGARDING CREDIT RATINGS
	Pros. Supp. at S-129 – S-130: **Ratings** It is a condition of the issuance of the offered certificates that they be rated as indicated on page S-5 of this prospectus supplement by Moody's Investors Service, Inc., or Moody's, and Standard & Poor's, a division of The McGraw Hill Companies, Inc., or Standard & Poor's. * * * The ratings assigned by Moody's to the offered certificates address the likelihood of the receipt by the offered certificateholders of all distributions to which they are entitled under the pooling and servicing agreement. Moody's ratings reflect its analysis of the riskiness of the mortgage loans and the structure of the transaction as described in the pooling and servicing agreement. * * * Standard & Poor's ratings on mortgage pass-through certificates address the likelihood of the receipt by certificateholders of payments required under the pooling and servicing agreement. Standard & Poor's ratings take into consideration the credit quality of the mortgage pool, structural and legal aspects associated with the certificates, and the extent to which the payment stream in the mortgage pool is adequate to make payments required under the certificates.